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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2106

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CONTENTS

BULGARIA

Minister Reviews Development of Internal Trade, Services
(Georgi Karamanev; POLITICHESKA AGITATSIYA, No 1 81) 1

CZECHOSLOVAKIA

Briefs
Truck Exports to USSR 10

GERMAN DEMOCRATIC REPUBLIC

Quantity, Quality of 1980 Grain Production Analyzed
(Dieter Ebert; BAUERN-ECHO, 12 Jan 71)..... 11

HUNGARY

Nyers Explores Relation Between Economics, Patriotism
(Rezso Nyers; KOZGAZDASAGI SZEMLE, Jan 81) 15

ROMANIA

Consumer Goods Supply in Next Five-Year Plan Discussed
(Victor Nicolae; COMERTUL MODERN, Nov-Dec 80) 33

Change in Non-Commercial Hard Currency Premium
(BULETINUL OFICIAL, 10 Feb 81) 37

Dynamic Development of Chemical Industry Described by Minister
(Gheorghe Caranfil; ROMANIA LIBERA, 6 Jan 81) 38

Minister Discusses Industrial Construction Investments
(Dumitru Popa; SCIENTEIA, 20 Jan 81) 47

YUGOSLAVIA

Data on Underdeveloped Regions, 1976-1980
(EKONOMSKA POLITIKA, 19 Jan 81) 51

Transportation Services' Effect on Balance of Payments Examined
(A. Zmijarevic; TRANSPORT, Nov 80) 57

Steel Needs, Production, Imports, Prices
(Dusan Ivanovic; PRIVREDNI PREGLED, 13 Feb 81) 61

MINISTER REVIEWS DEVELOPMENT OF INTERNAL TRADE, SERVICES

Sofia POLITICHESKA AGITATSIYA in Bulgarian No 1 81 pp 35-45

[Article by Georgi Karamanev, Minister of Internal Trade and Public Services: "Development of Socialist Trade"]

[Text] The decision of the Politburo of the BCP Central Committee on mass socialist competition in honor of the 12th BCP Congress served as an intellectual and emotional impetus and activated the creative initiative of almost half a million workers of the internal trade and services. The competition for welcoming the congress in a most worthy manner is gathering strength in an atmosphere of great political and labor upsurge. The days on the eve of the Congress are days for analyzing the balance sheet, reflecting and reviewing the work done in the application of the party economic policy which aims at improving the people's well-being and to fully satisfy their constantly growing needs.

The tasks set by the 11th BCP Congress and the National Party Conference (1978) were successfully fulfilled. There were considerable results in the implementation of the December program of the party. Mass socialist competition was initiated for better services, for wide application of new forms of trade and services as well as for increased consumer-goods production, better socialist labor organization, higher labor productivity and fulfillment of the five-year plan slogan of high quality and effectiveness.

The growing needs of the people were met considerably better and the basic volume and quality indicators were also fulfilled, due to accelerated development of the country's production forces, greater possibilities in industry and farming, and as a result of the favorable impact of the economic approach, the economic mechanism and the economic integration with the socialist countries and with the Soviet Union in particular.

Retail turnover per current prices increased generally for the branch by 47.6 percent during the five-year plan period, while the basic directions of the 11th BCP Congress had set as a goal an increase of 40.42 percent. By the end of 1980, goods worth 12.2 billion leva have been sold to the public or, for 3.94 billion leva more than in 1975. For the same period sale of some products increased as follows: meat and meat products, 10.8 percent; milk, 12.5 percent; white and yellow cheese, 20 percent; butter, 23 percent; eggs, 20 percent; sugar, 9.5

percent; clothing, 16 percent; furniture, 48.5 percent and television sets, 34.4 percent.

Over 50 percent of the turnover was obtained by new forms of trade, such as self-servicing, displaying all goods, catalog sales, etc, which resulted in better services.

Special efforts were made during the five-year plan period to increase production and improve quality and selection of consumer goods. The workers of the industrial enterprises produced goods for 9,727,000,000 leva or, 3,185,000,000 leva more than during the sixth five-year plan period. At present, domestic industry produces about 35,000 types of goods. Over 10,000 types of new goods were produced in 1980 alone.

Following the decisions of the National Party Conference and the initiated national competition for realization of the trade union billion, the material expenditures per 100 leva profit were lowered by 0.32 leva.

In fact, 1,464 scientific-technical achievements, with over 38 million leva economic effect, were applied in practice, which constituted a 23-percent over-fulfillment of the goal for the Seventh Five-Year Plan period.

The volume of industrial services increased 40 percent over 1975. The structure and means of servicing are constantly being improved and diversified. Services alleviating housework are expanding at a very high rate. Also successful is the organized servicing of the village population through a system of complex delivery centers. New forms of some servicing, i.e., by subscription, buying by catalog, express services, home deliveries, etc, are also being applied more widely.

Extensive work in reconstruction, modernization and expansion of the material-technical basis of the branch also took place in closest cooperation with the party okrug committees and the people's councils. In the five-year plan period 258 million leva basic funds were used up. Over 170 trade and service projects were built including 4 department stores, 50 supermarkets, 9 bread bakeries, 9 industrial laundries with dry-cleaning facilities, 23 service centers and departments for consumer goods production and others.

The fulfillment of the Seventh Five-Year Plan contributed to solving the social problems of the labor collectives, improving both the qualifications and education of the cadres and working and home conditions.

The considerable results were due to the favorable impact of the April line of the party which imbued initiative and creative motivation in all working people and guaranteed a constant upsurge of the economy following the road of intensification of the national economy, of fast development of the production forces, of better possibilities in industry and farming on the basis of even stronger integration with the socialist countries and with the Soviet Union in particular.

Socialist trade started to develop in full strength in the period after the April plenum along with the harmonious and proportionate economic development.

Retail turnover grew from 1,516,300,000 in 1956 to 10,299,700,000 in 1979, an increase of 6.8 times.

The higher living standard brought both quantitative and considerable qualitative changes in the structure of retail turnover and consumption. A solid progressive tendency emerged for faster increase in the turnover of nonfoodstuffs versus foodstuffs and, correspondingly, toward an increase in the relative share of nonfoodstuffs in total turnover volume.

This tendency in turnover development of the branch showed after the April plenum and may be sufficiently illustrated by only several figures.

The turnover of foodstuffs increased 6 times from 1956 to 1979 while the turnover of nonfoodstuffs increased almost 7.5 times. In 1956, the relative share of foodstuffs turnover was 46.8 of total turnover volume while the share of nonfoodstuffs was 53.2. In 1979, foodstuffs turnover decreased to 40.6 or, about 6 points, while of nonfoodstuffs grew to 59.4, or 6.2 points. Characteristic for the period was the fact that consumption of foodstuffs was constantly growing with demand for more expensive and calory-rich products. Bread and bakery consumption decreased from 257 kg in 1956 to 214 kg per person, while consumption of milk and milk products rose from 81 to 167 liters per person, i.e., more than double. Consumption of meat and meat products per person also increased from 26.6 kg to 61.0 kg or, 2.3 times; sugar and sugar products consumption, from 11.6 kg to 34.2 kg, or almost threefold.

In the group of nonfoodstuffs, the progressive changes in the sale structure are characterized by great demand for more expensive goods which satisfy the cultural and spiritual needs of the people, for example, radio and television sets, refrigerators, washing machines, vacuum cleaners, tape recorders, passenger cars, etc. In 1979, there were 86 radio sets, 74 television sets, 79 washing machines, 74 refrigerators and 26 cars per 100 families, fulfilling the norms stipulated for meeting the demand of the people for that period of time.

After the April plenum of the BCP Central Committee particular attention was devoted to public catering, restaurants and cafeterias, which was considered a very important field for feeding the population, reproducing the work force and alleviating the housewife's heavy work. Development of public catering is expanding very fast. It has developed at a much higher rate than the sale of foodstuffs.

Sale of foodstuffs has increased 6.8 times from 1956 to 1979 while the turnover of public catering has reached an average annual growth rate of 7.5 percent.

The turnover share of public catering is constantly growing in total turnover volume. It is obvious from the following data: the relative share of public catering grew from 17.33 of the total turnover volume in 1956 to 19.26 in 1979.

This proves that cooking at home is gradually being replaced by public catering which proves to be more rational and contributes to changing eating habits in accordance with the socialist lifestyle.

Cafeterias have been multiplying at a very fast rate. In 1979, 37.32 percent of the workers, employees and students used cafeterias, of whom 37.53 percent used workers' and office cafeterias, 36.82 percent used students' cafeterias, and 1.38 percent public cafeterias and restaurants.

Figures are the most convincing proof for the great success of trade in meeting the needs of the people regarding foods and nonfoods. They also show that consumption has been directed toward durable goods and goods that alleviate house work and give more spare time both for more rational use of the 5-day working week and for improving everyday life.

Together with the success in guaranteeing the necesary commodity funds and better satisfying the needs of the people, the material-technical base of trade has also expanded at a very accelerated rate. Modern department stores, supermarkets, restaurants and cafeterias have mushroomed at the sites of the old and dilapidated little shops and pubs. About 30,000 new stores, more than 300 supermarkets, 60 department stores, and 20,000 cafeterias and restaurants have been opened since the establishment of the People's Republic.

In their very essence, the department stores and supermarkets established so-far represent the basis for the creation of a complex servicing center in the separate towns, villages and housing developments, as, for example, in Sofia, Stara Zagora, Silistra, Tolbukhin, Blagoevgrad, Khaskovo, and Sliven.

The big, large-area stores create conditions for large-scale supply of the population and increase the possibilities for better trade services. From a social and economic point of view, they are the most profitable and effective trade projects. The building and development of the trade network is based on norms according to the need for stores and public catering establishments in the trade area, calculated per 1,000 persons of the population and per work radius for each project.

According to the established conception for trade development and the general plan for area development of the material-technical basis of internal trade, a double and triple-degree system of construction in the trade network was adopted, depending on the functional type of the town or village. Town, district, and microdistrict trade centers are being built on this basis ensuring both comprehensive public servicing and satisfying the people's daily, incidental and periodic demands for goods and services.

In the past few years, particular attention and efforts have been devoted to modernization, reconstruction and expansion of the existing trade network and to the application of new technologies, machines, and equipment with the purpose of accommodating more customers and offering better trade services.

The reconstruction and modernization of the trade network as well as the introduction of new technologies, machines, and equipment, created new possibilities for wide application of modern forms of trade services. At present the greater part of the retail turnover is realized by self-servicing.

By the end of 1979, 64.8 percent of the total retail turnover was realized by modern forms of trade of which 45.2 percent was obtained by self-servicing.

For achieving better servicing, the number of the trade workers is of great importance. In 1956, there were 150 trade workers per 10,000 citizens. By the end of 1979, this number had increased to 279 per 10,000. In 1956, 1 trade worker was servicing 67 persons, while at present it is 36 persons. The constant growth of the number of trade workers creates real premises for better and more sophisticated servicing of the population.

The party devotes great attention and does its utmost to improve and develop domestic trade as a branch of the national economy, which for its part contributes to the rise of the standard of living and the fast expansion of the socialist reproduction.

In the present stage, the stage of building a mature socialist society, the role of internal trade as a connecting link between production and consumption is constantly growing and creates better and more comprehensive means for meeting the growing needs of the population.

The purpose of trade should be to direct production to put on the market goods which are in demand by the population, on the basis of indepth and comprehensive study of what the consumer can afford, of the new trends and peculiarities of personal needs created by the scientific-technical revolution. In this manner, trade may stimulate greater production, richer and more stylish selection of goods as well as better quality, meeting the constantly changing demands of the people.

On the other hand, due to better possibilities in industry and farming to produce consumer goods and to expand our foreign trade relations, commodity selection is constantly improving, introducing goods such as: passenger cars, color television sets, refrigerators, sophisticated household devices, plastic items, chemicals, wallpaper, electronic calculators, marble and metal souvenirs, crystal, stoneware, sectional furniture and kitchen appliances. Quality is improving as well. New goods are appearing on the market stimulating new demand, influencing consumption, changing the consumption structure and promoting new needs.

Man, the consumer, with his desires, requirements, taste and needs is the pivot determining the direction of production and trade.

The overall application of the economic approach and the new economic mechanism are of prime importance for correctly regulating the relations between production and trade. Production of goods which are in demand by the population is stimulated by mutual interests, by skillfully applying different economic methods and means, such as price, profit, credit, premiums, and others.

The new economic mechanism has enhanced active and effective socialist competition between trade organizations and production enterprises without any middleman. The new method applied by the contractual system is based on common interests among the different economic organizations. The contractual system in this light has new content. Contracts are concluded not by administrative dictates and pressure

but on the basis of common interests. The deliberate practice of not fulfilling contracts particularly of clauses regulating selection, of reneging on previously taken obligations, and of slackness in applying contractual sanctions has been to a great degree eliminated. Following the new mechanism, the delinquent party is not only fined and made to pay for damages incurred, as was the previous practice, but is also liable for unrealized benefits.

The new economic approach and mechanism are geared to defending the interests of the consumer, toward an ever-greater supply of goods to meet the demand of the people.

Trade activity as a whole is placed on an economic basis, i.e., economic accounting and self-support. The salaries of the trade workers depend on the end result. They depend not only on the fulfillment of the turnover plan but also on the quality of servicing.

The new economic mechanism sets a new standard of evaluating trade activity, i.e., not the volume of turnover realized but the degree of meeting the needs of the people for goods and services, done in an atmosphere of refinement.

The application of the economic approach has already shown positive results. Its wide application will bring on the market better goods and selections in demand by the population. The needs of the people will be better met. Of particular importance for the growth of production and for more diversified selection of goods and services is the statement of Comrade Todor Zhivkov at the Ruse, 10 May 1980, meeting with the first secretaries of the BCP okrug committees and the ministers.

The tasks and commitments set to be dealt with stand as a proof of the firm line of the party to push for full and comprehensive satisfaction of the growing needs of the population in accordance with the constant rise of the standard of living.

The new comm .ments set by Comrade Todor Zhivkov lay out a program for the entire organizational work dealing with the increase in consumer goods production, with the elimination of shortages of some goods and services and with the stabilization of the internal market.

Of particular importance is the new trend which turns commodity production and satisfaction of the population's needs into a national task, a concern of all economic organizations. Confirming this trend is the endorsed complex program aimed at increasing production, diversifying consumer goods selection and expanding services during the Eighth Five-Year Plan.

The obligations to be met following this program have already been included in the two-year plans of the respective departments and economic organizations. This determined the particularly responsible task of the trade workers and industrial collectives to procure the goods earmarked by the complex program as to quantity and especially within the necessary selection structure.

The established system of self-sufficiency which, through the town and village systems, satisfies the needs of the population for some of the basic foods,

such as meat, milk, eggs, fish, fruits, and vegetables, plays an important role in the national goal to produce more goods, stabilize internal trade, and overcome shortages of some goods. The results from the application of this system in the period from 1978 to 1980 have fully confirmed the correct party policy for achieving greater agricultural production and better supply of the population. The goal ahead is, by improving the self-sufficiency system, by making it more efficient, to increase supply to the population and to reach the set norms.

The main trends in the plan for the socioeconomic development of the country during the Eighth Five-Year Plan period envisage a turbulent upward expansion of our economy. By careful study and all-round intensification of production, based on the scientific-technical revolution and the intellectual approach of labor, we will achieve high and stable economic development and will catch up with the developed countries as concerns the level of social labor productivity. A maximal multiplication effect may be obtained by improving the material-technical basis and the structure of the national economy as well as by correct echeloning of production. Foreign trade ties will expand, integration with other socialist countries will strengthen and thus a dynamic and effective development of the national economy will follow.

This ... the base which will ensure a higher standard of living and better supply of the population with the material and spiritual commodities necessary for strengthening the position of the socialist lifestyle and achieving manysided development of the individual.

Internal trade, in unity with the general development of the national economy will grow at a high rate, commodity funds will diversify and expand, the material-technical basis will improve, and servicing will become exemplary.

Figures, Facts, Comparisons

In the past, trade in bourgeois Bulgaria consisted of small, dilapidated shops, pubs and stands. Trade activity was particularly inadequate in the villages and the outskirts of the towns. Storage facilities for wholesale trade were completely neglected in terms of technology and sanitation.

Restructuring and modernizing of a considerable part of the trade network took place in the very first years after 9 September 1944. The small and unsanitary shops were liquidated. Intensive construction of new warehouses, shops, restaurants and many other trade establishments was started in the following years and particularly after the April plenum (1956) of the BCP Central Committee.

In the years of socialist construction, capital investments of 2.3 billion leva were used up for trade development and modernization and they have reached at present the amount of 200 million leva per year. Warehousing expanded and was gradually modernized. New storage centers were established for clothing, shoes, textiles, etc, using up-to-date technology and structure.

By the end of 1979, there were 37,698 stores servicing the population of the country, 22,637 in towns and 15,061 in villages. They are classified as

follows: 13,356 selling foodstuffs and 13,403 nonfoodstuffs, 4,618 mixed, and 6,321 stands, booths and pavillions. In the past 4 years alone (1976-1979), 2,489 stores were opened with a total business area of 192,500 square meters.

Together with developing and expanding the trade system, some enterprises became specialized and were equipped with modern technical devices. Of 13,356 stores for foodstuffs, 8,282 are specialized and are classified as follows: 2,829 for bread and bakery goods, 1,161 for meat, meat products, fish and delicatessens; 287 for milk and dairy products; 2,906 for fruits and vegetables; 810 for gourmet products and 289 are supermarkets. Of 13,403 stores for nonfoodstuffs, 10,789 are now specialized and classified as follows: 972 for textiles; 432 for retail clothing; 633 for knitwear; 618 for haberdashery carrying also toiletries, jewelry and notions; 458 for footwear; 531 for household utensils; 335 for furniture; 346 for electrical material and electrical products; 61 are department stores, etc.

Trade services also improved considerably in the past few years. New trade methods are constantly being applied, such as self-servicing, putting all goods on display, home deliveries by truck or messenger, etc. While in 1970 there were no self-service stores, in 1979 there are 6,643, of which 6,041 use the display method and ordering by catalog.

The increased number of trade workers and employees is also contributing to the better servicing of the population. At present, over 270,000 persons are working in the internal trade establishments, a twofold increase since 1960.

In 1979, there were 340 stores, booths, stands and pavillions per 1000 square kilometers of area compared to 230 in 1960. The number of eating establishments increased from 131 to 213.

There are at present 279 trade workers, 43 trade enterprises (stores, booths, stands, pavilions) and 1,539 sitting accommodations in eating establishments per 10,000 people. In 1979, 1 trade enterprise attended to 235 persons annually compared to 310 in 1960 and 1 eating establishment serviced 374 patrons compared to 545 in 1960.

As a result of the constant rise in the standard of living, retail turnover is steadily expanding and the selection of goods offered to the people is becoming more sophisticated. In 1979, retail turnover reached 10.3 billion leva, 40.6 percent of which was realized from sale of foodstuffs and 59.4 percent from nonfoodstuffs. Compared to 1956, retail turnover has jumped about 6 times. In 1979, it reached 1,167 leva per person, a threefold increase since 1960.

The structure of retail turnover is also changing along with the accelerated growth of commodity consumption. Consumption of nonfoodstuffs is increasing at a very fast rate, particularly of goods meeting the everyday and cultural needs of the people. As concerns food products, there is an increase in the consumption of meat and meat products, milk and dairy products, sugar and sugar products, etc.

Public utilities are also expanding considerably. In the past, many towns and villages did not have sufficient number of public utilities enterprises. Accelerated development in this field was noticed mainly after the April plenum.

In socialist Bulgaria, 97.1 percent of the population lives in water-supplied towns and villages, and 99.9 percent enjoy electric power; of every 1,000 homes in the towns 222 are centrally heated; use of laundromats rose from 31 kilograms per 10,000 persons in 1960 to 215 kilograms in 1979; washed loads per person increased from 0.291 kilograms in 1965 to 2.424 in 1979, and the volume of dry-cleaned clothes doubled from 1970 to 1979.

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BRIEFS

TRUCK EXPORTS TO USSR--During the Seventh Five-Year Plan, about 15,000 trucks will be exported to the USSR by the national enterprise TATRA in Koprivnice. This will almost double the Sixth Five-Year Plan deliveries of trucks to the USSR. [Prague LIDOVA DEMOKRACIE in Czech 27 Feb 81 p 5]

CSO: 2400

QUANTITY, QUALITY OF 1980 GRAIN PRODUCTION ANALYZED

East Berlin BAUERN-ECHO in German 12 Jan 71 p 5

[Article by Prof Dr Dieter Ebert, Institute for Grain Research, Bernburg-Hadmersleben: "Evaluating 1980 Experiences in All Aspects-Professor Ebert Gives Information on Production Analysis"]

> [Text] According to the Politbureau report presented at the 13th SED Central Committee Plenum in 1980 the GDR harvested 38.1 dt (dt=10^{-1}ton) of grain per hectare, the third highest yield since its founding. As a result 9.6 million tons of domestic grain are available to the national economy. This is an achievement worthy of recognition, particularly because the 1979-1980 growing season was marked by rather unfavorable weather conditions.

Weather and Grain Production

Let us recall briefly: In the fall of 1979 some localities suffered from long drought spells which delayed the coming up of barley and severely hampered proper seedbed preparation for the sowing of rye and wheat. The fall vegetative period of grain lasted till 11 December. In most regions spring operations started in the beginning of March. A wet April was followed by a cold and dry May with occasional late frosts. In certain localities the effectiveness of herbicides and stalk stabilizers was impaired.

In the last 3 months of the 1980 growing season average levels of precipitation fell in central and southern districts, while in northern districts there were frequent, very heavy rainfalls, which caused the cultures to flatten and rendered them susceptible to disease. The year 1980 was characterized by a late harvest due to slow maturing of the crops.

Naturally, the late harvest and the partly uneven maturing of the cultures complicated harvesting operations considerably. Harvesting had to be repeatedly interrupted because of rains. In the entire republic there were only 2 periods of 4 consecutive days when harvesting was able to proceed without interruption, during which time the combines, including more than 500 E 516 type machines, harvested crops on more than 4 percent of the land area.

Under these conditions also the work of employees of the Getidewirtschaft [grain management VEBs must be viewed as an accomplishment, for they succeeded in storing the harvest safely in close cooperation with the crop production enterprises. The pooling of combines within bezirks and kreises has again proven its worth.

In regard to the quality of the harvest, results of the preliminary, not fully representative spot sampling performed by the Institute for Cereal Management disclosed that:

--The winter cereal crop had a distinctly higher moisture content than the summer harvest. The moisture content of rye was 3 percent above the long-term average;

--Wheat was considerably affected by rust;

--The crude protein content of summer wheat was considerable. About 43 percent of all batches contained more than 12 percent crude protein.

The 1980 cereal production was target-oriented with separate storage of food-grade wheat and food-grade rye. Overall, the targets were met, but with great regional differences.

Part of the straw harvested in the central bezirks was of good quality; in all the other areas the straw brought in was mediocre to poor.

The Structural Development of Cereal Production

The 1980 land area which was to be planted in cereals ended up 42,000 hectares short. This shortfall lost us 150,000 tons of grain, for this reason alone. Therefore, all bezirks must ensure that in 1981 the entire area set aside for cereal production will also grow cereals as the 13th SED Central Committee Meeting has rightly ordered.

On a nationwide scale, in 1980, the proportion of cereals grown underwent a slight shift compared to 1979, with increased production of winter barley and oats and a simultaneous decrease in winter wheat and summer barley production. This development was not even in the various bezirks. In Schwerin, Neubrandenburg and Karl-Marx Stadt, for example, the area planted in winter barley was increased by 4 to 5 percent of the overall area planted in cereals. Suhl Bezirk grew 4.6 percent less summer barley but 4.8 percent more oats of the overall area assigned to growing cereals.

The various reasons for the changes in the territorial cereal structure should be closely watched to prevent excesses in this respect. The proportion of winter cereals grown must be stabilized and optimal sowing periods complied with, while the proportion of cereals grown in individual enterprises must be chosen to meet as best as possible the prevailing labor and economic conditions during the sowing, cultivation and harvesting periods while at the same time fulfilling the assigned supply obligations.

Strain Evaluation

On the basis of the centrally performed evaluations of the numerous tests performed with different strains by the Central Strain Testing Station it can be said that on the whole the newer cereal strains have proven satisfactory in practice. The types of soil recommended for growing these new varieties turned out to be correct. Some of the experiences gained:

--The new winter wheat strains Leuta and Dilana have established themselves well. Erfa proved to be relatively reliable and well suited for loess soils.

--The winter rye variety Pluto brought good yields in almost all locations and thereby justified its last year's certification.

--Remus, the latest new wheat variety, fulfilled only partly the expectations placed on it. Its yield on loess soils and in the northern GDR were unsatisfactory due to strong disease infestation of ears.

--The new summer barley varieties Lada, Grit and Gerlinde, did very well in the soils for which they were recommended and in this way quickly helped fill the gap which existed in the assortment. But it should not be overlooked that in 1980 these varieties were partly infested with blight and rust.

--The Solidor variety of oats predominated also in 1980.

Importance of Cover Crop

The judicious choice of the crop sequence is also a measure which can be taken without additional cost. It is well known that a cover crop can change the yield of the crop following on it upward or downward by 10 to 20 percent. When planting cereals the choice of cover crop should be based on an evaluation of existing relevant card indexes. Study of these documents, which are important for the management of crops, reveals that frequently unsuitable cover crops are chosen for winter wheat. Moreover, this cereal species belongs to the group of cultures sensitive to the choice of cover crop. It is obvious that the current practice of varying cover crops for winter wheat cultures is unjustified, as when, in three comparable groups of kreises in Halle Bezirk, very different proportions of cereals were chosen as cover crop for winter wheat (from 9 to 38 percent).

The planned increased in the production of wheat for human consumption in the coming years raises the importance of the choice of cover crop considerably, because even growth and weed infestation of the culture, which have a marked effect on grain quality, are affected by the choice of cover crop.

Compared with past years the sowing of winter cereals in the fall of 1979 was carried out within the optimum time period. However, the situation prevailing in recent weeks renders duplication of this accomplishment in the fall of 1980 impossible.

Some Agrochemical Aspects

Overall, the cereal cultures reached their growth stage before the onset of winter. All cultures came up and even growth was recorded. Uneven cultures were few. At the start the degree of disease infestation was normal but began differing widely in the course of the vegetative period due to environmental conditions. Clearly in evidence in the north of the GDR was the strong infestation with mildew and rot and in the central bezirks considerable blight infestation which, however, has only a slight effect on yields.

Weed infestation also varied from place to place. The best results were invariably achieved where treatment with herbicides was combined with mechanical weeding.

The analysis revealed that proper liming of arable soil is being neglected in the entire territory. The relatively heavy rains which fell in 1980 probably contributed to additional leaching of lime in some areas. To ensure stable cereal yields no effort must be spared to lime soil properly to prevent the loss of this important soil fertility promoting component.

Nitrogen was applied to cereal cultures in 1980 in accord with the EDP fertilization recommendations after careful professional reexamination of their applicability to respective locations, a very welcome new development. But the mode of application of nitrogen fertilizer is still a controversial subject. The 1979 trend of a single application of nitrogen fertilizer continued, even though last year's adverse weather conditions were absent this spring. It is estimated that divided application of nitrogen fertilizer occurred only on 60 percent of the land area sown in winter cereals.

The situation was complicated by the fact that frequently the second nitrogen dose was applied too early. Many enterprises already applied the second dose before the cultures came up. This is too early because it increases the danger of flattening of the culture and jeopardizes proper grain formation.

In any case, the principle of dividing the application of nitrogen for winter cereals is valid and must be implemented, or we will lose 7 to 10 percent of the crop yield due to failure to divide nitrogen application, as demonstrated in long-term experiments.

In this context also the application of stalk stabilizers must be mentioned. There are still many winter rye but mainly winter barley fields which were not treated with Camposan. The recommendation to use stalk stabilizers, advanced for the first time in the spring of 1980, has proven beneficial and gradual refinement of this recommendation will yield practical directions for their use in specific situations.

Stalk stabilizers have markedly contributed to controlling the problem of flattening of cereal cultures. Cultures treated with Camposan yielded 2 to 3 dt more grain per hectare. Winter barley treated with Camposan exhibits a strong tendency to ear breaking after it reaches threshing maturity. Therefore, such cultures must be harvested quickly when this stage is reached.

In agriculture each production year enriches our experience and knowledge. Collective evaluation of these experiences should take place now in preparation of the annual meetings held in all crop production LPG's and VEG's to enable us to use the knowledge acquired in preparations for the first year of the new five-year plan.

8664
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NYERS EXPLORES RELATION BETWEEN ECONOMICS, PATRIOTISM

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[Article by Rezso Nyers, Director of Hungarian Academy of Sciences Institute of Economics: "Patriotism and Economics"]

[Text] Within the many-sided system of interrelationships connected with patriotism, the connection between patriotism and the economy also plays a integral part; important roles are also played by the multitude of economic sub-phenomena by class-, national and international considerations*. Since the socialist definition of patriotism is an extremely complex concept, the economy in its own complexity must also be brought into harmony with our national interests and responsibilities in order to determine what the connections are.

I feel that in connection with this sybject I must also mention how the views of communists and Marxists have evolved and how those views have uniquely broadened over time. The beginning of our movement actually meant a break with nationalistic views and was the start of a long struggle to gain acceptence for our class views, thereby proving that in the old societies nationalistic views had always been destined to serve and also to conceal the interests of the ruling classes. The justness of our struggle aimed at asserting the validity of our class views has been historically proven, yet it is also a fact that for a long time we had not paid proper attention to the national question, until we were faced with the danger of fascism which simultaneously threatened the working class as well as the nation. As a result of the anti-fascist movement our views were expanded, our patriotic interests have taken their well deserved place right next to our international class interests, albeit undoubtedly our preoccupation with asserting our economic interests continued to hinder our thinking in terms of our national interests in many areas. It was only as a result of the victory of socialism that this conflict was fundamentally resolved; only since then have these two concepts begun to naturally complement each other. Under socialist conditions, therefore, the assertion of our national consciousness has not meant the surrendering of our class consciousness; instead we have broadened our interests and views so that today there is room for the assertion of both.

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Patriotism as defined in the modern sense of the word is not something that can be learned at one's mother's knee; only those feelings which are accompanied by knowledge can enable us to become socialist and patriots. Formal education, therefore, plays a vital role in this since it means getting to know our fatherland and acquisition of the language, the history and culture of our nation. National defense training is also an important factor in that it enhances our young people's knowledge of matters pertaining to national defense and hopefully their patriotic sentiments as well. In all this the role of economics is still not defined properly; it is only after we first start working, that is only after reaching adulthood that we are able to fully understand this role, and even then not automatically. Our patriotism in this sense must be continually shaped throughout our adulthood to make it a more precise and more genuine reflection of our existing conditions. In this era of specialization of activities and knowledge, one of the constantly recurring dangers is that we tend to view social realism--thus national interrelationships as well--not in its entirety, but mainly in terms of those of its components which we are familiar with and find important. This danger must be increasingly reduced. Inadequate attention given to either history, culture or economics may lead to the narrowing of our national consciousness, therefore, we must strive to help more people to understand the concept of national existence in its totality.

Role of National and International Factors in Today's Economy

One of the peculiarities of economics in our age is that it exists and operates within a two dimensional structure: on the one hand, in the isolation of social classes, and on the other, in regional and market proportions. For the time being we may still talk about tribal proportions as well in some parts of the Third World, but this time we can disregard them. We must recognize, however, that only by examining both dimensions together will we be able to get a valid picture of our economic realities.

From the point of view of class relations, the industrialized world has been divided into two parts, and it seems like for a relatively long time to come they will exist side by side in the form of social structures which are different from each other.

The true center of power in the capitalist world is the capitalist class which is always the wielder of economic power, even at times when in the political sector its role is deemphasized. There the counterpole of power is represented without exception by the working class which always asserts itself as a counter force in the economic sector, even in cases where its political representation might have been granted a share of government power. Under such circumstances social concensus with respect to national interests can only be achieved in the non-economic sectors, and even there only to a relatively limited extent, while in the economic sector there are two distinct national interests. In this sector the two opposing classes are engaged in a so called "zero-sum game", which means that the only way either side can gain ground is at the expense of the other. Their interests, therefore, cannot be integrated into one unified national interest.

In the socialist world the center of power is the working class, which is in alliance with the peasants of the cooperatives, the intelligentsia and the small-scale producers. Most political problems which arise are inevitably connected with the specific economic and political content of this alliance, therefore, they can be solved through reconciliation within the alliance. In a socialist society the classes are no longer closed, rather they are quite open-ended. Since everyday factors play a greater role in teh specific interests of the various classes and strata, clarification of the different interests prevailing within these classes and strata is a more complicated process. (Often these difficulties may also be the cause of political complications.) It is also a fact, that in the present phase of our development direct participation by the different classes and strata in leadership decisions, and their direct voice in influencing those decisions are still somewhat limited, and that the role of the representative system is still overwhelming even in those areas where in the near future participation can be made more direct. Consequently, the political mechanisms of socialist societies are often not effective enough in solving the difficulties which arise in this era of accelerated social movements. These operational difficulties notwithstanding, in socialist societies the various component interests converge in one integrated national interest, at least as far as the main economic and political issues are concerned. The activities of the various classes and strata are not aimed at trying to displace one another, since extra economic achievements mean more for everybody, and the burden of economic difficulties must be carried by everyone. Given this "fundamental position of cooperation" it is possible to fulfill our national economic plans in a manner which serves the public interest.

Looking at economics within the context of regional-market proportions, we have to conclude that local markets--albeit not negligible--are, in the final analysis, only of marginal significance. The three most important factors are as follows: the national economy, regional markets and the world market. To all intents and purposes, of the above three only the national economies have an all-encompassing institutional system; the institutional system of regional economic integrations are geared decisively toward enhancing the specialization of foreign trade and production, while the operation of the world market's institutional system is aimed at establishing general trade regulations, preserving the international monetary system and partly at coordinating national foreign-exchange policies and organizing relief actions of international dimensions.

One of the characteristic trends of our age is that there has been an increasing tendency on the part of national economies to turn outward, and that there has been an expansion and intensification in the international division of labor. This is not simply a process which has come about as a result of economic necessity, but rather it is one which is in our best national interest since it enhances the prospering of our nation. Consequently, from the economic point of view patriotic thinking would be unrealistic if it failed to pay careful attention to international economic relations, and even to enabling an increasing number of our citizens to keep other national economies' interests in mind as well.

Today it is without a doubt that economic integrations play an increasing role in furthering--in addition to promoting the traditional foreign trade of finished products--the development of international specialization in the production of

semi-finished goods and subunits and the international barter resulting from this development. This is a new factor of interest to be concerned with in international life, giving rise to new counter-interests, which in turn call for newer and newer forms of international coordination. It is for this very reason that among the most important factors to be stressed during the present and forthcoming period special attention must be given to that process which insures lasting stability in economic relations within the integrations and which at the same time helps to clarify the nature of the interrelationships and the mutual adjustments to be made among them, especially in Europe. It is clear, furthermore, that the institutional system of the world economy presently in existence will, most likely, also prove to be inadequate in the future, primarily because it has been unable to provide appropriate measures for establishing sufficient ties among the three world which exist today: the developed capitalist countries, the socialist countries and the so called Third World. New solutions are needed in this area as well.

This gives rise to the following question: will the national economy continue to function as the basic form of the economic reproduction process, or will it gradually be absorbed into national integrations or later even into the world economy? We can answer this question unequivocally: the broadening of international relations or their new manifestations not only donot lessen the role of the national economy, but if anything they make it much more complex. The fundamental importance of the national economy can be underscored by citing three facts. First of all, both production and distribution are geared toward fulfiling our national goals, and a decisive portion of the social product is sold on the national market. In 1975, for example, in 40 percent of the industrial states 85 to 90, in another 40 percent 75 to 85, and in the remaining 20 percent, consisting mostly of open economie, 65 to 75 percent of the gross national product was utilized within the given national economy. The Hungarian economy belongs to this last category, namely to the group of the most open nations. It is, furthermore, also an important fact to remember that efforts aimed at fulfiling national interests play a decisive role in international economic relations. Common interests pertaining to economic integrations are not isolated phenomena, but rather they are products of coinciding national interests: as soon as the national interest becomes disaffected the common interest will break down as well. Finally, it is also a fact that the exercise of political responsibility and control with respect to the economy falls within the national-state domain and this authority will not be transferred over to some international institution in the future either.

Given all of this we can conclude that the expansion of internationalism presents us with great opportunities which we must take advantage of, and without which it would be virtually impossible to live and prosper because we need the additional resources which they offer. It is similarly logical to conclude, however, that only we and we alone can solve the unresolved questions which arise in the course of our economic development. International cooperation should not be viewed as a substitute for national effort; it should instead be perceived as something which inseparably accompanies and uniquely complements it. Today the thesis according to which the idea of Marxian, that is socialist patriotism is vitally interconnected with the concept of proletarian internationalism, and which holds that one cannot exist without the other, is viewed as an axiom in our country. It would be unfair, however, to deny that patriotism and proletarian international-

ism represent two separate categories of thinking, or that they both have their own direction of self-development and their unity is not without contradiction. As a result of such misunderstandings there have been some who have failed to recognize by themselves the proper connection between the two, and there are even those in whom the desired unity has never materialized at all. As a result of social development and the emergence of new phenomena, these concepts require a kind of "intellectual maintanence", and if it is done successfully our efforts aimed at establishing close connections between the two concepts will become more natural and more convincing.

The modern view of patriotism calls for a broadening of our national consciousness with respect to the economy, because our consciousness has not been able to reflect the transpiring economic changes completely without problems. In connection with this I would like to point out three things:

-- To a certain extent the changing present also brings with it a revaluation of the past, partly to be more accurate and partly to utilize those lessons learned from it which apply to the present. Accurate evaluation of our historical heritage is extremely important to our economic thinking as well, albeit from the point of view of everyday practice its importance seems to be secondary. The effects of the rise of the middle class here in our country are still making themselves felt: Szechenyi's economic reform endeavors and Kossuth's policy of independence still offer much to be learned from. It is important that we correctly evaluate our country's pre-socialist industrialization process as a unique combination of modernness and backwardness. We must also recognize the serious contradiction which had evolved as a result of the masses' deman for democracy on the one hand, and the undeveloped state of democracy on the other, the effect of which are still felt today. Finally, we must, as part of our heritage, also take into account the future-founding positive facts of the initial stages of our socialist development, just as we must point out the incorrect and unrealistic economic policies of those times; and to be quite frank, it is not easy even today to sort out the good from the bad and the lasting from the temporary in this heritage.

-- The vital role of economic reality in the forming of our socialist national consciousness may be looked at from two different points of view. First, do we correctly understand our place in the world and can we free outselves from nationalistic illusions as well as from pessimism? Secondly, are we able to learn from the history of our own development and to identify ourselves with it to the point where we can both critically and self-critically examine the lessons it holds for us? The economy is a fact of reality which cannot be easily perceived or understood in all its complexities, even though we receive dozens of pieces of partial information about it day after day. For example, during the first years of our development, but even as late as during the 1960's, we had given ourselves too little time to achieve the peak of our economic progress, and we had placed too much emphasis on measuring output by using quantity as the yard-stick and this eventually became a retarding force. In recent years, having become aware of our serious efficiency and quality-related problems, we have become more susceptible to the dangers of pessimistic thinking, that is, we have begun to view our economic work as merely a kind of Sysiphean task, where the rock rolled uphill always rolls back.

Is there some kind of a rational standard for defining patriotism, below which it is insufficient and beyond which it is no longer considered sincere. I believe that in reality this is not a question of measurements, rather it is a question of being able to correctly perceive reality. In other words, nationalism should not be viewed simply as "exaggerated patriotism", just as "national nihilism" cannot be equated with insufficient patriotism. There is more to it than that, especially since the intensity of patriotic consciousness varies even among people with socialist beliefs. Nationalistic views are based on certain criteria which cannot be considered relevant to socialist patriotism: a one-sided nationalistic perception, a lack of class-consciousness, disregard for and underrating of other nations, and a lack of international solidarity. National nihilism also has some distinguishing characteristics: a low level of public consciousness which never reaches the dimensions of the national scope of vision, a generalization and overexaggeration of the facts regarding the degree of our nation's backwardness, and a misunderstanding of our "small-nation" status blaming it bitterly on some kind of act of fate. Summing it all up, therefore: nationalism and nihilism can be very clearly distinguished from patriotism. These are not concepts which can be used interchangibly in economic thinking either, thus when we take measures against them we are not threatening patriotism itself, we are merely attacking the various pseudo-, and miscocceptions surrounding it. Our struggle against them, therefore, must not be a half-hearted one, and of course we must always be able to hit our targets with precision.

The adoption of the principle of proletarian internationalism demands from us that we perform our domestic tasks with a sense of international responsibility and that we become whole-hearted participants in international economic affairs in a variety of fields. Of these I would like to underscore the following:

-- Socialism today stands as an economic world system whose strength and world-economic position depends on two factors: the economic power and political stability of the individual socialist countries, and the intensity of the mutual cooperation which has evolved among them. That is to say, by increasing our own economic strength we are enhancing the cause of international socialism as well, and through our cooperation with the other socialist countries we are able to expand our own resources, while at the same time also increasing the stability of the entire world system.

-- The essence of our solidarity with the working class of the capitalist world lies in our practical support of their struggle against capitalism, by way of increasing our trade union-, and cooperative level collaborations, through joining forces with them in our struggle for peace and disarmament, and by contributing to the strengthening of economic cooperation among nations. Isolating ourselves economically from the capitalist world would not only not ease the struggle of the working class there, but would make it even more difficult, while at the same time worsening our own situation; consequently, political tactics of this kind would not only not promote, but would even hinder the coming revolution. The international communist movement today unequivocally and definitely rejects the earlier view according to which the interest of the working class lies in the intensification of economic crises on the international level, in other words, today we unanimously dismiss the validity of the slogan, "the worse, the better".

-- In addition to our responsibilities with respect to socialism, we must also feel and be willing to assume responsibility for helping to solve the global problems of the world economy, for this is also a part of our internationalist policy. We must also pledge our full support behind the struggle aimed at a more rational utilization of the world's limited supply of natural resources; at improving the lot of huge masses of people by eliminating hunger, poverty and illiteracy among them; at establishing a more efficiently operating international foreign-exchange monetary system, and at preventing the spreading of environmental hazards, for our interests in these areas coincide with the common interests of the progressive forces of the world.

Our World-Economic Position, Achievements and Problems

The dimensions of the world economy are vast, compared to which the size of the Hungarian national economy seems minute, given the fact that our contribution to the total world output is at best only one quarter of a percent, and our share in total world trade adds up to merely a half a percent. While our role in this sense is indeed small, in reality it is not insignificant at all, for the simple reason that the majority of the countries of the world are also relatively small in size. According to 1978 data, 52 percent of the total world trade was conducted by countries with large populations, 10 percent by medium-size and 38 percent by small countries. The role of these latter, therefore, only seems small when they are examined individually, separate from one another, but when taken together they have a significant trade impact. Consequently, we have no reason to nurture a "small-country complex" or to allow it to dominate our public mentality. We suffer no disadvantage which could be attributed to the size of our economy. The only time when we should remind ourselves of our small size is in cases where there appears to be a danger that we are about to mechanically adopt an economic solution which can only be applied effectively in large countries.

We must all the more keep in mind, however, the fact of our great dependence on the world economy, which has several reasons. Mother nature does not provide us with everything, or at least not in the necessary quantities; a large portion of the techniques and technologies we need can be obtained from abroad; efficiency requirements play a powerful role forcing us to increase our participation in the international division of labor even in the processing industries. In the final analysis, all of this manifests itself in a realtively extensive and heavy foreign trade turnover, a dependence from which we will never be able to free ourselves, and about which the most we can do is to try to replace a less favorable form of dependence with a more favorable one. Our dependence is unfavorable in those cases where we continue to participate in the international division of labor, even though our production is considered inefficient by world market standards; it is more favorable in those cases where we are able to exchange competitive and therefore highly valued goods for products which we need. We must conclude, in other words, that the solution to end our unfavorable dependence on trade can only be sought in the production process and not in commerce itself; to accomplish this, of course, our producers must contribute their considerable knowledge of the market and have a direct stake in doing so, and also, there must be a better connection between production and trade.

Whatever economic strategy we may choose to use in the future, we can count on it that our foreign trade will grow parallel or at a somewhat faster rate than our domestic production, which leads us to the following conclusion: if for equilibrium-related reasons we must, in a given period, slow down the growth of our foreign trade, this will mean that the growth of our production will be necessarily reduced as well.

Examining the present state of our foreign trade in terms of an international comparison, we find that it is disproportionately large compared to our production. This is why we say that our economy is an "open-type of economy" aimed at abroad. Our per capita foreign trade turnover, however, is not especially large in every respect, in fact it is rather small vis-a-vis Western Europe. In 1978, the value of the per capita foreign trade turnover in our country amounted to 1500 rubels, or 1300 dollars, which is higher than it is in the other socialist countries, but is significantly less than the comparable figures in most of the Western European countries. The differing results of the two comparisons indicate that compared to the other socialist countries the development of the Hungarian national economy has been more "outwardly oriented", while compared to Western Europe it has been more "inwardly oriented" during the past decades.

Consequently, if we want to develop, we must develop together with foreign trade. The expansion of the international horizon, the broadening of people's knowledge and their perceptions has become a vital national interest, therefore, it must also become an essential characteristic of patriotic behavior. At one time, during the Bach-period, the slogan "nix deutsch" was viewed as a symbol of patriotism; today, however, it would be considered precisely the opposite, just as the slogans "ni ponimaiu pa-ruski" or "no speak English" would be--this is true even in those cases where it expresses only a lack of interest, but especially in those where it is attempting to take root as a kind of a religious symbol of faith.

One of the significant characteristics of our world economic relations is that they are broad and intensive with both the socialist and the non-socialist world, and since the two relationships represent two distinctly different market conditions, we can say that the Hungarian national economy is an economy with dual market ties and interests. The present situation has taken 35 years to evolve, thus it is not an accident or a result of monetary factors that it is what it is.

The proportion of the two external markets in Hungary's foreign trade has not always been what it is today. The present situation has evolved as a result of different directions of development, stemming from two different time period. For the first two decades after 1945, our country's CEMA-relations dynamically expanded and their ratio increased from the initial low level to over 70 percent by 1965; then during the second period it has gradually decreased to its present level of 55-56 percent. This decrease has occured despite the fact that Hungarian foreign trade has become more active and that it has increased its participation in the CEMA market, because at the same time the momentum of bilateral trade among the CEMA countries has weakened overall, and it has developed at a slower rate than the world economy. Since 1965, the CEMA countries as a whole have been trying to compensate for the slackening growth

in bilateral relations by expanding their world market ties. This is essentially what ahppened in the case of the Hungarian national economy as well. All of this is closely connected with the CEMA countries new position, the essence of which might be summed up as follows: our countries need to abandon their present course of development for a new, intensive course of growth; the steps, however, which are presently being taken in this direction have been slow and inconsistent. In practice so far the complex program of CEMA integration has not proven to be a sufficiently effective instrument either. Yet, we cannot afford to abandon our attempts to give our cooperation new momentum.

Our ties with the CEMA must be given enormous importance in our patriotic thinking, not only because of ideological considerations, but also for practical reasons since they are a decisive factor of our progress. CEMA cooperation is important to us not only because it is in the interest of socialism, but also because it is in our very own national interest. Consequently, this is a cause which not only communists can identify with but also those who, being somewhat less directly involved in day-to-day politics, merely accept or just simply feel sympathy for communist policies. Undoubtedly, the position of the Hungarian national economy is more favorable and more competitive on the international market of the CEMA than it is on the capitalist market. This is why we are able to obtain more than half of our total imports from here: 52 percent of our material and energy imports, 64 percent of our imported machines, 62 percent of our imported manufactured consumer goods and 18 percent of our imported foodstuffs. The strong influence which our CEMA relations have on our economy today is not something which has been forced upon us for some selfish reason, but something which stems from our national interest.

I would like to stress, however, that our dedication to the CEMA can be viewed and interpreted differently today than it was in the past. This difference stems from the fact that today we are considerably better apt to properly assess the existing economic realities and our available resources than we were two-three, but even as recently as one decade ago. Earlier we could still replace our capitalist ties and reduce their role to a marginal one. Today, however, we can clearly see that this is impossible, because in order to meet our country's domestic needs, and even the demands of the CEMA market we have been compelled to develop rather extensive ties with the capitalist and the developing world. If I were to characterize the essence of our present position, I would have to point out that our commitment to the CEMA today is part of a broader world economic view and interest.

When talking about the CEMA, we must take into account the special impact and role which--due to its size--the Soviet Union has within that community. Of the total volume of bilateral trade among the member states, the Soviet Union's share is around 37-38 percent. In the case of the Hungarian national economy its role is even greater, since we conduct half of our CEMA trade with the Soviet Union and the other half with all the other member states combined. This clearly indicates that our ties with the Soviet economy are more intensive than they are with the other member states.

One of the constantly recurring attempts of hostile Western propaganda is to accuse the Soviet Union of forcing unequal terms of trade on the smaller member states which are to its own advantage. This propaganda has intensified with the increase in world market prices, and since we have begun, in the case of a broad range of exchanged goods, to jointly divert prices--partly in an upward and partly in a downward direction--away from world market base-prices. This latter, however, has been done only to further the common interest and with full respect for the principle of trade between equal partners, thus proving the charge of "Soviet exploitation" to be nothing more than a fairy tale. Needless to say, of course, that the opposite of this is similarly not true, namely, the charge that it is the Soviet consumer who must pay for the relatively higher standard of living in Czechoslovakia, the GDR and Hungary.

The CEMA, as its name indicates, is not built simply on the principle of assistance, but rather it expresses the need for mutual, that is, not unilateral assistance. Its goal, therefore, is to enable each member country to derive benefits from this cooperation. None of the member states, in other words, derive their benefits at the expense of another, instead the additional gains resulting from cooperation are divided among the participating member states. What makes this possible is the fact that the exchanges among the member states are exchanges of equal values, in which international value relations are expressed in world market prices.

Socialist cooperation is built on common basic principles, but in specific cases it cannot automatically manifest itself in the form of identical interests. Agreements are arrived at through a coordination of national interests, and it is based on these agreements that joint actions are taken. We must accept the reality that in matters regarding specialization, trade, price, foreign exchange and other areas there are differing national interests which can only be reconciled through compromise. It would be incorrect to think that there is some abstract international interests which automatically supersedes our specific national interests, and that these latter interests can be can be simply derived and deduced from the former. In reality such an interest does not exist; it is in the course of coordinating our national interests where our truly common interests come to light. Consequently, we must, in the course of cooperation, firmly and openly state and represent the interests of the Hungarian national economy, always striving for an agreement. We must also be prepared that in the course of such interactions either somebody else or we may become influenced by feelings of small-minded mistrust which considers every compromise an act of submission and a unilateral gain for the other side. This latter, however, must not be allowed to assert itself.

Unquestionably, we must, together with the other fraternal countries ald also independently within our own intellectual domain, search for further possibilities of expanding our CEMA cooperation. Here I would like to stress two things:

-- While our economic ties with the Soviet Union can be considered relatively well developed within the CEMA, our relations with the other member states tend to be somewhat less extensive. This indicates that we are better apt to adjust to the unique position of the Soviet economy than we are to the economies of the smaller

member states. This same phenomenon can be observed in most of the smaller member states. From this we can conclude, that what has proved to be successful in the case of the Soviet Union may not necessarily be successfully applicable to relations among smaller states.

-- It is undeniable that the CEMA countries are lagging behind the requirements of intensive development with respect to the development of their economic mechanism. The inflexibility and the over-centralized system of planning, the discrepency between prices and value relations and the limited independence of enterprises are not conducive to efforts aimed at significantly improving efficiency and external cooperation. In addition there is also the cumbersomeness of the mechanism of CEMA cooperation. It is already clear today that in itself the international mechanism of the CEMA cannot be rendered flexible; it would be wishful thinking to believe that this could compensate for the rigidity of internal mechanisms.

Until 1973, the gradual expansion of our ties with the capitalist world market did not cause any major problems in the Hungarian national economy, to a large extent because the 1968 economic reform helped the economy become more adaptable than it was before. The sudden and sweeping world economic changes, however, have created entirely new circumstances by hitting the Hungarian economy with a tremendous trade deficit and hampering our efforts aimed at increasing exports; until 1978 our choice of methods used in trying to adapt to this new situation proved not to be among the wisest. It is no secret today, that between 1974 and 1978 we used credit to cover our dollar-cleared foreign trade deficit, which in five years led to a considerable accumulation in our loan stockpiles, while at the same time our export growth failed to keep up with the rate of increase in those stockpiles. To put an end to this trend, starting in 1979 we have switched over to a clearly defined equilibrium-stabilizing economic policy: we have virtually put an end to further increases in the share of the production output used for domestic consumption. This helped to bring about a change in trends last year already, but even though the improvement of the equilibrium has continued this year, no lasting solution has been found.

Aren't we placing ourselves in a position of unilateral dependence on the capitalist world by having extensive ties with the world market and by taking on large loans? Would it not be better to aim our economic policy at defending ourselves from the effects of the world market or to strive for isolation? This question presents us with a serious dilemma both from the ideological standpoint and from the point of view of economic strategy.

This is one of those typical questions to which the answer is different from the correct answer 20-30 years ago due to a change in historical circumstances. Back when socialism as an economic and political system was still not completely consolidated in our country, when our economy's extensive growth was still backed up by sustantial reserves--efforts to protect ourselves from the capitalist world by way of isolation might have still been a logical and feasible course to follow. Since then, however, socialism has become self-supporting both economically and politically, and our country's commitment to the socialist course of development has b-come irreversible. Today, intensive growth must make wide use of the

opportunities offered by the international division of labor--thus instead of being predominantly threatening in nature, today our capitalist ties offer opportunities which we can take advantage of. While it is true that opportunities are often accompanied by certain dangers, it would be nevertheless ideologically incorrect and economically virtually impossible to allow such opportunities to pass by.

Foreign trade relations, incidentally, by definition imply the existence of mutual economic dependence, even in the case of ties between politically unrelated countries. Another characteristic feature of these ties--something which we have always taken advantage of--is that they present opportunities whereby unilateral economic dependence can be avoided. How, and to what extent the resulting trade benefits are distributed is another matter, for in this area there are still frequent inequalities and problems. The intrusion of integrations reduces the benefits for outsiders; this is what the Western European integrations have been doing toward us and the other CEMA countries. The present distribution of benefits, however, is not the "last word" in economic history; we are not tied up in any dependencies which would prevent us from obtaining a larger share of these benefits. The main point, therefore, is this: extensive trade with the West does not mean unilateral dependence on the West.

In the area of financial and credit relations this matter of dependence or independence is a somewhat more complex problem. Here the question of ratios becomes crucial. For countries such as ours, taking up loans which are in proportion with the expansion of exports is a natural phenomenon. Expansion of the international money market enhances the availability of credit, and at the same time the widening of international trade as well. Having good credit relations is just as much in the lender's interest as it is in the borrower's. The cut-off point in the accumulation of loans and liabilities must be set at a level below which they can be repaid without difficulty. Hungarian borrowers--in the case of Western credits, our banks and enterprises--have always repaid their loans as agreed upon, and as long as they continue to do so their economic independence will never be in jeopardy. In recent years, however, we have gotten extremely close to reaching the rationally permissible limit of our total credits, therefore, we have had to try to turn this trend around: in essence, our task with respect to future export and credit increases is to ensure that it is the exports and not the credits which grow at a faster rate. By doing so we can forestall the danger of unilateral financial dependence, while at the same time making it possible for ourselves to build stronger bridges between the present and the future.

Our Economic Development Under New Conditions

We have two decades of steady economic development behind us now; it has been significant, with a few problems here and there, but without any major difficulties. In recent years, however, new conditions have arisen which are calling for substantial changes at every level of economic activity. These changes require every social stratum to be able to understand the specific situation facing it and to solve its assigned tasks, but they also require all those involved in their practical implementation to examine and to understand the situation on the national economic level as well, and to adjust their activities accordingly.

During the second half of the Fourth Five Year Plan, the Hungarian national economy received staggering blowes from two directions at the same time: externally, from the changes in the world economy; internally, due to the depletion of the sources of extensive growth. By continuously reinforcing each other, these two effects created a real explosive situation, especially since they descended on our economy at a time of rapid growth causing us to lose our external equilibrium for may be as long as a year, turning our economic difficulties into serious problems and preventing us fromfulfiling the goals set before us. Fortunately, the 6 to 8 years prior to that had been a period of resource accumulation which also brought with it a build-up of some internal reserves; our ability to cope with our economic difficulties, therefore, was adequate enough to gain time and also, even if somewhat belatedly, to initiate remedial action on a broader scale.

Under these new circumstances there are two questions which we have had to, and still must answer in determining the thrust of our action.

1. Are we faced with the problem of having to change our previous growth model, or is ours merely a case where economic production is chronically poor. Our central leadership's answer to this question is basically that we have to change the nature of our growth. Since 1979, therefore, our leadership in many respect has not been planning and managing the economy according to the growth model which has been the standard until now; it has changed the priority of our goals and it has been working on revitalizing the economic mechanism based on the principles of the economic reform. Instead of emphasizing the need for rapid quantitative growth, the new model focuses on the question of efficiency and the equilibrium, for these are the factors which determine our rate of growth. In accordance with the new model, the prevailing mentality among the organs of central management is one of strategy and tactics, and their main function is no longer to regulate the composition of production, but to enhance our national economy's ability to change, adjust and perform efficiently, and to create an economic atmosphere which helps to guide enterprises in the desired direction. The enterprises, on the other hand, must be able to stand on their own feet instead of waiting for directions or state-provided "financial crutches" to help them perform. By applying these guidelines, our efforts aimed at overcoming chronically weak production performances can be more effective.

2. Is it only our economy which is being challanged by these new circumstances, or is the strength of our social solidarity also being put to test? There is increasing evidence which indicates that this latter is also taking place because the new circumstances facing our economy are not professional phenomena but social, and because adjustments in our economic activities require several changes to be made on the broader level of social behavior and activities. All of this, of course, also has an effect on the sphere of consciousness: our national economic performance and the mutual ties between the economic and non-economic sectors are given greater attention in individual and public thinking. I think it is common during times like the present for ties between patriotic thinking and the economy to strengthen considerably, and it is not just something that is happening only here and now. Therefore, we must be consciously working toward increasing social cooperation in both the economic and--on a broader level--the political sphere.

Although as a result of the economic challange imposed upon us, working people today are faced with more difficult tasks in a wider range of activities, in the final analysis the multitude of specific tasks all gather around to general economic factors: economic efficiency and the question of foreign economic equilibrium. From the point of view of economic theory the problems presented by the two are essentially identical; they simply represent different sides of the problem, since all things considered, equilibrium imbalances are always manifestations of poor efficiency. In practice, nevertheless, the two subjects have to be dealt with separately, because they both have different characteristics. A given economy, for example, may have external equilibrium, even though its efficiency is below world market standards, while another may be facing equilibrium problems despite its relatively high level of efficiency. We might say, therefore, that they are to a certain extent "twin concepts", that is, concepts of the same origin, even though they are separate terms.

The breakdown of our equilibrium was originally caused by sudden and great changes in the world market as a result of which our country's imports appreciated in value (within the given product structure), and the value of our exports declined in proportion with the appreciation of our imports (once again, within the given product structure). We may consider the deficit resulting from this an external disaster which could not have been averted and which was impossible to offset on the short run. If, however, we try to rapidly adjust to the changed circumstances, it may be possible in the longer-run to reduce the import demands of our economy and to improve the profitability of our export structure. As a result of the fact, that up until 1978 we had neglected to place sufficient and effective enough emphasis on either of these, the accumulation of our trade deficit was further aggravated by a domestic cause as well: the weakness of the efficiency-profitability effect.

Since 1979, our efforts aimed at reestablishing the foreign economic balance have been somewhat artificial since we have used central measures to keep a lid on increases in investments and consumption, thus additional exports could only partly be met through more efficient and more valuable production: we have been using part of our domestic market capacities for export production. This type of forced balancing has been unavoidable under the given circumstances, and its effect has been to compel the state to share the serious economic burden placed upon it with the enterprises and the various public institutions, and even to pass it all on to every citizen of our country. Before long we will have our second "tight year" behind us. How many more we will have to face down the road ahead is not clear, but it is certain that this policy of forced balancing will take at least another one or two years before it can yield any results, and if successful we can replace it by a policy which is aimed at stabilizing the equilibrium entirely on the basis of improved efficiency, while at the same time easing controls and artificial restraints.

If nothing else, there is at least one thing coming out of these years which is certain to broaden our generation's knowledge of life: we are going to really and truly learn to respect the importance of our foreign trade balance, and in general our economic equilibrium. (It seems that, as so many of our other lessons, this too must be learned at our own expense if we are to really learn from it.) We

respect it because the quality of our everyday life, our future development and our country's international prestige, all depend on it. The same way billogical traits are passed on, maybe some day these lessons, too, will become inheritable by future generations.

The improvement of our economic efficiency is also a national matter, thus in essence a patriotic effort. To further this effort it is essential that we stir up the creative forces in every region of our country and in every workshop of our society. To accomplish this the horizon of our people must be further expanded. It would be a mistake to believe that only those involved in production are responsible for our level of efficiency, and that those in the non-economic sectors are merely enjoying the benefits or suffering from the adverse effects resulting from economic production, that is, that they are only affected by its consequences. The Marxian idea which holds that in our age production has become a social phenomenon, essentially means that it is a social process in which in addition to those directly involved in production everybody takes part who has an effect on the activities of the working man, or who takes part in shaping the human environment in which we live, perform and affect the economy. This refers especially to economic efficiency which basically expresses quality, and quality is a better indicator of social teamwork than quantity.

When we talk about economic efficiency we must always think of the relationship between input and output. On the input side we have to include the amount of live labor invested, as well as the so called dead labor, that is, the productive fixed assets and the value of the materials utilized. The output, on the other hand, is the national income. The factors of efficiency, therefore, are as follows: labor-productivity, instrument-efficiency and material utilization. There are several improvements to be made in all three areas. Looking back at our country's first socialist economic mechanism which had been introduced in the 1950's, it becomes apparent that it failed to provide adequate incentives to bring either labor productivity or instrument-efficiency, and especially not in this latter: this was the factor which had the most unstable plan index system. As a result the "investment furnace" of our national economy was constantly overheated and we obtained relatively little energy from it. Consequencly, it would have been useless to try to reform the old mechanism; it had to be replaced by a new one, and today it has become unequivocally clear that in order to ensure that this mechanism develops in the right dire-tion, we must apply its own guidelines and logic rather than trying to adopt into our present mechanism some of the elements of centralism as it used to be defined in the old mechanism. We must continue to work toward the assertion of our central interests, but going about it in a different way, without making those interests absolute.

Whether or not we will succeed in considerably improving our efficiency within the forseeable future will depend on two main factors: on how rational and well coordinated our central regulations are, and on the extent to which local enterprising spirit asserts itself. It will depend on whether production managers in an increasing number of economic entities will really search for and find ways of independent action, or rather choose to wait and keep calling for central programs. Won't they pass the responsibility for efficiency improvement over to the central organs? To avoid this we also need to have a certain amount of patriotic ambition on every level of economic activity.

There are two things which put the strength of our social solidarity to test: our temporary, but relatively drawn out economic difficulties which require increasingly greater tolerance on the part of our society, and the intensifying microeconomic fluctuations which require a whole new kind of adaptability on the part of individuals and our various communities.

In our present situation efficiency requirements can only be met by ensuring that prices and foreign exchange rates do not become detached from the prevailing market conditions, and if these latter change, by making certain that prices also change accordingly. As we are a planned economy, our state will continue to regulate prices as well as wage levels and the basic distributional ratios of incomes; it will not allow market impulses to prevail in these areas either. Under the present circumstances, however, we cannot continue to keep the present price levels constant, because the rise in world market price levels has, on the other hand, resulted in increased domestic expenditures, and on the other, it has brought with it such great inflationary pressures on our economy that during the coming years we are going to have to continue raising producer price levels by 2-3 percent, and consumer prices by almost 4 percent annually. Frequent price changes hinder the activities of both the producer and the consumer, but this is still the least of evils since administrative price fixing--if it exceeds a certain limit--can only lead to shortages of goods, and shortages are the very sources of uneconomical production.

The principle of efficiency requires a change in the present practice of our employment policy. The solution here should be sought not in some kind of "socialist unemployment", but in ways and methods of ensuring full employment which differ from those used until now. The primary task is to maintain an overall national economic balance between supply and demand and not to allow the creation of excessive demands, because it results in a unique and socially unfavorable migration of manpower. Furthermore, we must, in addition to promoting labor productivity, stimulate the release of local manpower surpluses and enhance the transfer of that excess manpower through an appropriate job-creating policy. These are plain principles, and while one might also think "yes, these are nice principles, but how do they stand up in practice?", they can serve as the foundations of proper practice which can only be established step by step. At any rate, if these central efforts were not accompanied by understanding and trust on the part of our society, then we would have real reasons to be concerned about practice, since our practical measures would probably never even get off the ground. And if that were to happen it would mean that the production structure could not be properly developed either.

The strengthening of social solidarity requires conscientiousness and greater reliability in economic cooperation, and discipline (from below) and self-discipline (from above) in subordinate-superior relations. This is highly important, but by itself it would not be sufficient for success. Social relations and the mechanism of cooperation must also be developed.

We must start from the principle that our socialist society is homogeneous only as far as the most important political and economic goals are concerned, but structured when it comes to interests and views with respect to the economy. Solidarity stands on sounder foundations, and is more lasting if it is based

not merely on strict discipline, but also on an understanding of the various interests and on a coordination of views. All this makes it necessary for us to deepen our understanding of the essence of socialist democracy and to promote its continued development on a broader scale and eliminate false alternatives and the false debates connected with them.

Many subjects can be found which are still viewed in public debates as "either..., or" alternatives, even though they call for a "both..., and" type of basic approach. Among the most important of these I would like to mention the following:

— Which would be more timely during the present period: the strengthening of moral values, or an increase in material values? I am not saying that we must act in both directions at all times and under all circumstances; what I am saying, however, is that at the present moment we cannot consider either one secondary, what is more, I feel that one can only develop together with the other.

— Which one should we commit ourselves to: an agrocentered, or an industry-centered course of economic development? At one time great political battles were fought over this question and it is still an important subject; the asking of an "either..., or" question in this matter, however, has truly lost its relevance. Food production has become one of our most modern economic branches and it would be a sin to neglect it; however, here too the role of industry is becoming increasingly more significant and the primary areas of industry have come to constitute one of the foundations of our economic life.

— Should we stress the technical or the economics side of economic life; which one should win the honor of having greater social significance? Obviously both views have their own isolated followers, and both sides represent a just cause whether they be promoting technical development or calling for economic efficiency. It is also certain, that the two causes do not automatically coincide and that from time to time there have to be confrontations between them. The basic approach in this case, however, cannot be anything else but to try to bring the two views into harmony.

By taking the side of the "either..., or" view, as opposed to the "both..., and" approach in these subjects, I merely wish to clarify our basic position since I myself also believe that the questions "how and by what means?" and the problem of "dimensions and ratios" can give rise to well-justified debates.

The city of Eger, which has pledged itself to the conceptual clarification of the patriotic cause is also an important factor in Hungary's economic life; it is both an agricultural and an industrial center, and it plays a tradition-preserving as well as an innovative role in our country's intellectual life.

I feel that this conference here today will be received by the public as Eger's message to the country, the essence of which is the following:

"To show our love for our country, let us intensify our solidarity in the area of economic construction."

"If we are to achieve developed socialism we cannot resign ourselves to mediocrity and we must move firmly against all manifestations of small-mindedness."

"The direction of our future development must hereupon and always be determined in light of the socialist connection between patriotism and internationalism."

9379
CSO: 2500

CONSUMER GOODS SUPPLY IN NEXT FIVE-YEAR PLAN DISCUSSED

Bucharest COMERTUL MODERN in Romanian No 6, Nov-Dec 80 pp 28-30

/Article by Victor Nicolae: "Trends and Changes in the Supply of Consumer Goods in the Next Five-Year Period"/

/Text/ As a direct result of the general development of the economy and especially the consumer goods industry, in the next five-year period, the party documents also prescribe in this important field of activity a substantial improvement in the commodity supply.

The new, higher quality that will be achieved in all fields of social activity, in close connection with the faster growth in labor productivity and the more marked rise in economic efficiency, through the consistent application of the new economic and financial mechanism, of the principles of worker self-management, of self-administration, will also be reflected in the continual improvement in the population's supply, both through the growth in the total volume of goods that will be made available in an assortment structure corresponding to the technical progress in industry and through the substantial improvement in the quality of the products.

In the field of food consumption, in accordance with the scientifically determined requirements for maintaining the vital capacity and improving the state of health of the population, the accent will be put on improving the structure of the commodity supply and raising the quality of the products, there being secured the supplying of products with a high nutritive content and in diversified assortments to the population and the substantial growth of the deliveries of vegetables and vegetable products and fruits and fruit products to the market supply.

As is known, the current consumptions provide to the whole population the calories needed for keeping the state of nutrition balanced in relation to the physical efforts that it makes, as well as to age.

Optimum satisfaction of the consumption is possible just by achieving a dynamic equilibrium between the need for a high-quality diet and the resources required for meeting it.

In this regard, the setting of standards according to groups of products, in direct relation to age (children, adults and the aged), sex and the work done by an individual, and the keeping of the food consumption within these limits will be able to provide a diversified, well-balanced and--in a word--rational diet, as opposed to

overnutrition with all its negative consequences: cardiovascular diseases, diabetes, obesity and dislipidemia, and so on.

In order to achieve this desire, the growth and diversification of food products, along with a wide educational action in this field, will have to provide for the promotion of a correct and balanced diet, for which purpose it is necessary to pursue the consistent application of the provisions of the directive-program, which establishes the following average structure for 1985, as compared with 1980 and 1950: vegetables and vegetable products, 150-160 kg per capita, as compared with 143.6 kg in 1980 and 65.6 kg in 1950; fruit, 75-85 kg, as compared with 63 kg and 20.7 kg, respectively; milk and dairy products (excluding butter), 230-240 liters, as compared with 220 liters and 107 liters; fat, 20.5-21.4 kg, as compared with 19 kg and 5.4 kg; meat, 68-72 kg, as compared with 62.4 kg and 16.7 kg; sugar and sugar products, 33-35 kg, as compared with 30 kg and 6.9 kg; eggs, 275-280, as compared with 270 and 59; and cereals (in terms of flour), 155-160 kg, as compared with 183.3 kg and 130.5 kg.

One main finding of a qualitative order that is drawn from the analysis of the prospective evolution of the structure is the decline in the consumption of cereal products, which, as is known, due to tradition and the abundance in which they are found, present a level of consumption that puts our country, from this viewpoint, among the tops spots in Europe. Another important change consists of the increase in the consumption of vegetables and fruit and, on a greater scale, in the sales of products in fresh condition, with a better supply of such products being provided in all counties of the country.

Regarding nonfood products, the consumer goods industry will adopt measures to increase the commodity supply, to improve the assortment structure and the quality of the products, ensuring the utilization of the resources of raw materials in the country at a higher level, and to increase the percentage of resources in the country, by applying new, modern technologies in the production process, under conditions of great efficiency. Thus, in the textile industry, a varied range of light products with a high degree of finishing will be achieved on the basis of new, high-quality assortments of polyester, polyamide and polyacrylonitrile yarns that will be assimilated into production by the chemical industry. The production of artificial fibers will continue to be developed rapidly, there being achieved in the chemical industry a doubling for cotton- and wool-type cellulose fibers and a rise by a factor of 2.4-2.6 for silk-type viscose fibers. In the structure of the consumptions of raw materials in light industry, the percentage of chemical fibers (natural cellulose polymers and synthetic polymers) will reach about 65 percent in 1985. Regarding knitwear and garments, the production will rise by a factor of 1.4, and the production of fabrics suitable for garments will be utilized in a proportion of about 70 percent in the form of garments.

A wide and varied range of cotton and cotton-type, linen, hemp, silk and silk-type, and wood and wool-type fabrics, achieved in new models and designs, will be produced. New models of cotton-type fabrics of filamentary polyester yarns, characterized by a shiny appearance and greater suppleness, one-colored and printed viscose-type crepe fabrics, and polyester and wool fabrics of carded, combed and fancy yarns will be achieved. The new models of knitted clothing will be made from natural fibers combined with chemical fibers, from yarns with special effects (boucles, neps, uneven coloring and so on) and from other types of yarns. In the making of tricots,

growth in the degree of wearability, antistatic treatment for those from synthetic fibers, and so on will be taken into account.

Finishing for ensuring the stability of the dimensions of the tricots will be achieved through the application of new technological procedures. At the same time, tricots with the appearance of velvet will also be produced. Articles of knitwear (dresses and outfits) with a high degree of processing--knitwear with light, airy textures, underwear knitted from fine yarns, knitwear with embroidery appliques, and so on--will be achieved. The garments for men, women and children will be widely diversified, in order to be used on various occasions: for work, for wear in the daytime, for evening and on various occasions, for sports and trips, and so on.

In the industry of footwear, leather goods and fancy leather goods, the creators will always have in mind the line of fashion, as well as the agreement that must exist between clothing, footwear and other articles of apparel. Special attention will be devoted to the production of light summer footwear with uppers of textile materials, footwear with uppers of leather and substitutes, outfits (shoes-handbags-belts) matching as to material and color, and so on. New raw materials with better characteristics, such as, for example, "moldotan," will be utilized to produce new models of footwear. The footwear for the winter season (bootees and boots) will be provided with molded rubber soles with prominent treads.

In the industry of glassware, fine ceramics and window glass, a subbranch that is a big energy consumer, the production will be dimensioned primarily for domestic needs. The faster growth of fine ceramics will be provided, the manufacture of optical glass will begin and the production of crystal articles will grow substantially.

In the cosmetics industry, an increase by a factor of 2.4-2.6 will be provided, along with the expansion of the range of high-quality assortments.

In the wood industry, the growth of the degree of utilization of timber will be provided further and the accent will be put on increasing and diversifying the production of furniture and other finished wooden commodities, especially the assortments with a high degree of processing and competitiveness.

Regarding durable goods, which will make a significant contribution to the improvement in living conditions, large increases in the degree of equipping of the population's households will be provided: by a factor of 2.0 for automobiles (from 28 per 1,000 inhabitants in 1980 to 57 in 1985), by a factor of 1.5 for washing machines (153 as compared with 100), by a factor of 1.4 for refrigerators (220 as compared with 157), by a factor of 1.2 for television sets (245 as compared with 203), and by a factor of 1.2 for radios (300 as compared with 247).

The orientations for the future have in view the introduction of new apparatus into manufacture, the aim being to increase their functionality and viability, to reduce the consumption of electric power and to eliminate waste. To this end, measures regarding the redesign, typification and assimilation of apparatus for home use with low energy consumption are in view, with the products with high energy consumptions being eliminated from manufacture. In the electronics industry, on the basis of the plans of action of the Central for Electronics and Computer Technology, the following are in view: 1. the further diversification of the models of televisions sets,

such as, for example, the matter of introducing into manufacture the minitelevision (with a 23-cm diagonal), models with a 61-cm diagonal (the Diamant 256), which are distinguished by a new form--cabinets with rounded corners, finished in various colors with carbamide varnish--and the new models of television sets equipped with electronic games; the majority of the sets will be completely transistorized and have integrated circuits, which will lead to a 30-percent drop in their weight and a halving of the consumption of electric power; the equipping of the television sets with a new type of all-channel mechanical selector, which will allow the reception of UHF (ultrahigh frequency) transmissions and not just on the VHF (very high frequency) system, which will allow suitable coverage of the whole territory of the country with telecasts, especially in the zones with hilly ground; the assimilation of the color television set into production, knowing that intense work is now being done in order to be able to take the next step, the transition to the schedule of reception in color; 2. the diversification and improvement of the production of radios by assimilating into manufacture the long- and shortwave radio receivers of the size of a pack of cigarettes and a post card, as well as new types of longwave, medium-wave and ultrashort-wave radios; the new models of portable radios, of bigger dimensions, with four wavelengths (long, medium, short and ultrashort); new medium-range stationary radios, as well as the assimilation of high-fidelity (hi-fi) sets; a new model of car radios with better performances; hi-fi stereo radio receivers with integrated circuits; new models of cassette decks characterized by markedly better performances (double power output, a built-in microphone, automatic control of the recording level, a tone control, a tape stop for recording, an automatic stop at the end of the tape, and cassette ejection); a new model of stationary stereo radio cassette deck; 3. the diversification of the range of amplifiers, including the high-fidelity stereo ones; speaker enclosures with better performances.

New models of beautifully colored, high-quality enameled vessels with decoration, which will be furnished separately or in sets, new assortments of cutlery and knives, mincing and grinding machines and so on, and new models of ranges and heaters with a low consumption of energy and fuel will be assimilated into production.

The introduction of the Oltcit models of a small and very small displacement is expected in the automobile industry. A wider diversification of the Dacia models, with new engines and body types (two-door sedan, limousine, four-door sedan and station wagon), and improvements in the additional equipment, which should be able to increase the degree of safety of the automobiles and to satisfy the many preferences of the various buyers, are to be provided at the factory in Colibasi.

On the basis of these orientations and the latest instructions concerning the development and diversification of the production of consumer goods and the raising of its qualitative level, the contracting for the commodity supply is to be done according to classes of quality. Under these conditions, the products with lower prices will represent 50 percent of all of the consumer goods that will be intended especially for the buyers with lower incomes, and the goods with high-quality characteristics, achieved from special raw materials and with special technologies, will represent the rest.

12105
CSO: 2700

CHANGE IN NON-COMMERCIAL HARD CURRENCY PREMIUM

Bucharest BULETINUL OFICIAL in Romanian Part I No 9, 10 Feb 81 p 3

[Excerpts] The Council of State of the Socialist Republic of Romania decrees:

Article I -- Article 1 paragraph 1 of Council of State Decree No 184/1974 on the hard currency premium which is applied in the purchase and sale of currency for non-commercial operations, republished in BULETINUL OFICIAL Part I No 96 of 9 November 1976, amended by Council of State Decree No 89/1978, published in BULETINUL OFICIAL, Part I, No 21 of 17 March 1978, is amended and will read as follows:

"The hard currency premium which is applied in the purchase and sale of the currency of the non-socialist countries for non-commercial operations is set at 146.09 percent of the official exchange rate in lei."

Article II -- The provisions of the present decree are applicable 5 days after the date of issuance.

Article III -- Council of State Decree No 184/1974 on the hard currency premium which is applied in the purchase and sale of currency for non-commercial operations with subsequent modifications and with the modification contained in the present decree will be republished in BULETINUL OFICIAL.

Nicolae Ceausescu,
President of the Socialist Republic of Romania

Bucharest, 10 February 1981
No 20

CSO: 2700

DYNAMIC DEVELOPMENT OF CHEMICAL INDUSTRY DESCRIBED BY MINISTER

Bucharest ROMANIA LIBERA in Romanian 5-6- Jan 81

[Interview with Gheorghe Caranfil, minister of the chemical industry, by M. Radian]

[5 Jan 81, pp 1,3]

[Text] [Question] Chemistry represents without a doubt one of the major sources of pride for our nation, which finds in the rapid growth of this branch a confirmation of its values and of its capability to establish and develop an industry whose efficiency and competitiveness are equal to any in the world. In this connection, and on behalf of our readers, Mr Minister, I will first ask you: how did your branch conclude the year and the five-year plan? We have in mind both the initial provisions of the Directives of the 11th Congress, and those of the supplementary program approved by the National Party Conference of 1977.

[Answer] The 1976-1980 five-year plan, which has been characterized by a very dynamic material production and by a balanced and well-proportioned development of the entire economy, has also been for Romania's chemistry a period of great advances materialized in extremely important successes. The tasks drawn by the Secretary General, Nicolae Ceausescu, at the workshops held during the five-year plan, during his visits to industrial and research units, and as part of his frequent analyses of the most important aspects of our activity, have consistently mobilized all workers in the chemical industry for a superior utilization of material and financial means, and for greater efficiency in production, investments, and exportation. All of these contacts have strongly bolstered our confidence that we would overcome the difficulties with which we were faced.

As a result of the constant support provided by the higher leadership, and of the efforts that have been made so far, we have obtained a number of outstanding results, foremost among which is that in 1980 (preliminary) the production of goods has increased by 64.0 percent with respect to 1976, total production by 67.0 percent, while labor productivity has seen an annual average rate of growth of 6.8 percent; similarly, I believe it is notable that the annual rate of development of the chemical industry during the five-year plan that just ended has been 10.8 percent.

[Question] This is one of the rapid rates of development recorded in our industry, and unless we are mistaken, is surpassed only by that of the machine building industry.

How were these results reflected in the production of the branch? We would appreciate some comparative data (1975-1980) about the position of the branch within the national economy.

[Answer] The production of the chemical industry has increased from 8.6 percent of the nation's industrial production in 1975, to approximately 11.3 percent in 1980. Compared to the preceding five-year plan (1971-1975), investments have increased 1.65-fold and exportation has increased 171.3 percent. During these years, the chemical industry has placed in operation a large number of facilities -- 578 -- which have bolstered its potential and its deliveries of chemical products at home and abroad, while industrial fixed assets have increased by 47.5 percent.

As we know, one important criterion in assessing economic development is the volume of physical production: as compared to 1975, chemistry in 1980 obtained a significant growth in basic products. For instance, this growth was 1.4-fold for sulfuric acid, 2.1-fold for ammonia, 2.1-fold for active substance chemical fertilizers, 1.6-fold for chemical fibers and filaments, 1.8-fold for plastics and synthetic resins, 1.2-fold for pharmaceuticals, 1.7-fold for detergents, and 1.4-fold for organic dyes, lacquers, and paints.

And finally, I will add some figures which will outline our progress: production growth on the basis of labor productivity has been 76.8 percent, 26,200 new jobs have been created during this period, and the average pay during the recently ended five-year plan has increased by 27.9 percent.

[Question] Since one of the criteria for assessing the efficiency of the branch is the progress made in extending the level of chemification of crude oil and methane gas, could you state how much this level has increased?

[Answer] Our progress has been remarkable, although we would have wished it to be more substantial. It is a fact that in order to assure a high economic efficiency in the exploitation of crude oil, we have greatly extended its processing into petrochemical products. Five years ago 5.6 percent of the petroleum products were subjected to chemification, whereas in 1980 this proportion was raised to 10 percent.

Particular attention will be devoted to continued restrictions on the use of crude oil and gases in burning processes. The essential objective in the hydrocarbon domain is the use of these products as raw material for the chemical industry.

Achievements in the chemification of methane gas were greater, their proportion having increased from nearly 10 percent in 1975, to 25 percent at the end of the 1976-1980 five-year plan. Consequently, the degree of valorification reported for methane gas increased 6.1-fold in nitric acid production, 7.6-fold for methanol, 13.9-fold for nitrogen fertilizers, and 27-fold for ureaformaldehyde resins. In summary, I can say that during the five-year plan that just ended the chemical industry in Romania has consistently oriented its development toward a modern production structure, primarily in the sector which assures the best valorification of raw materials in accordance with the requirements of modern technical-scientific progress. The structure of the chemical industry's production compared to 1975 is shown in the attached table.

Classification	1980/1975 %
Total production value in ministry, in which:	149.7
Crude oil processing	133.0
Chemistry, in which:	149.4
Petrochemistry	162.8
Machine construction	308.5

As we can see, the rate of growth of petrochemistry has been nearly twice that of crude oil processing; this has also increased its proportion in the production of the branch, with corresponding effects on a higher valorification of resources and greater economic efficiency.

[Question] How were the tasks outlined by the Directives of the 11th Congress, including the tasks stipulated in the Program for Producing and Selling to the Population Consumer Goods During the 1976-1980 Period, materialized in terms of products? We ask this because one of the major objective set by the congress has been to reduce and eliminate the gap with respect to developed countries, for some products that determine the degree of valorification of raw materials and to reach a higher level in the quality of life.

[Answer] Much could be said in this respect, the only difficulty arising in selecting the facts to be discussed. The most illustrative one, I think, is that the market fund delivery plan was fulfilled during each year, and that for the five-year plan as a whole, the ministry anticipates that the plan was surpassed by 10.3 percent. I might add that this plan includes chemical products for household maintenance and use, processed plastics products, cosmetic and beauty products, as well as a number of local industry processed products.

As to the Program for Producing and Selling to the Population Consumer Goods During the 1976-1980 Period, approved by the Plenary Session of the Central Committee of the RCP and the Supreme Council for Economic and Social Development on 1 July 1976 -- which includes chemical products for household maintenance and use, processed plastics products, and chemical fertilizers -- the deliveries to the market fund have been exceeded by 15.6 percent. Chemical products for household use reached 51.9 percent of the total deliveries for 1976-1980, demonstrating the persevering application of the decisions of the higher party and state leadership regarding improvements in the supply of these products to the population. In terms of new products adoption, the number of new items per group of products increased by 144 percent, with 617 new models included in this percentage. Among these are: products for cleaning and maintaining clothing and footwear, laundry detergents and powders, products for house cleaning and maintenance, deodorizers, fragrances, disinfectants, and various other chemical items including those for automobiles, processed plastics, and so on. I might add that we have created 788 new cosmetic and beauty products. With respect to 1975, significant growth was recorded in the following: 328 percent for spray cosmetics, 110 percent for shampoos, 119 percent for bath soaps, and so on.

[Question] What has been the evolution of technical-scientific progress in the branch? What structural modifications have occurred? What is the level of technologies? To what extent are they of domestic provenance or imported?

[Answer] As a result of accomplishing the tasks assigned to the chemical industry by party documents and by the special indications of the secretary general, Nicolae Ceausescu, this important domain of activity has undergone a rapid rate of development which has provided chemistry with a rapid evolution of technical and scientific progress.

If this progress is expressed in terms of production renewal through the introduction of many new and modernized products and technologies, its growth has been 7.4 percent in 1976, 26 percent in 1979, and is expected to be 30 percent in 1980. This degree of renewal is expected to increase during the current five-year plan as well, and reach 35 percent by 1985.

During 1980, the last year of the technical-scientific revolution five-year plan, 471 objectives for the introduction of technologic progress were achieved during the January-October period, and 800 such objectives are projected for the entire year.

It is notable that during the last period significant changes were carried out in the structure of the plan for introducing technical progress, devoting priority to the basic sectors of the chemical industry -- petrochemistry, inorganics, fertilizers, pharmaceuticals, fibers and filaments, and so on. Similarly, priority was devoted to the assimilation of new products and technologies which derive higher values from raw materials, or which are accomplished with lower consumptions of materials and energy. In this respect I believe that our technologies, developed mostly by units of the Central Chemical Institute, are of a high technical and qualitative level and meet the needs of international markets, as witnessed by the fact that an increasing number of Romanian products are sought for exportation.

It is significant in this respect that during 1980, 95.3 percent of the of the total value of new and modernized products was obtained on the basis of domestic designs, representing the valorification of Romanian research. In 1981, this value will increase to 97 percent, thus appreciably reducing the proportion of technical progress introduced on the basis of imported technologies.

[Question] To what extent did exportation increase during the last five-year plan? What was its volume and proportion in the total production of the branch? To what extent was the structure of exportation improved?

[Answer] The diversification and continued growth of the chemical industry production has enabled a corresponding increase in the exportation of products specific to the branch. In chemistry Romania maintains trade and cooperation relations with more than 110 countries in the world. During the five-year plan, exportation has increased by 171.3 percent as compared to the previous five-year plan. Chemical products represent 65 percent and petroleum products 35 percent. The more than 700 products exported by the chemical industry include many varieties and significant quantities of chemical fertilizers, fibers and filaments, dyes, lacquers, paints, detergents, pharmaceuticals, additives, plastics, and so on.

The foreign trade enterprises of the Ministry of the Chemical Industry, together with other foreign trade enterprises, participate in over 35 international fairs and shows, while the International Salon of Chemistry is organized at home, with an increasingly large participation.

The present international situation, characterized by an increasingly difficult access to raw material and fuel resources, also forces Romania to analyze the efficiency of exportations in the light of energy consumption per product, so as to reduce the indirect exportation of energy. We have made significant steps in this direction, and the proportion of energy-intensive products in the exportation of chemical products will progressively decrease between 1980 and 1985. Similarly, the proportion of chemical products in our total exportation will increase to about 74 percent during the 1981-1985 five-year plan, as compared to 65 percent during the current one. In exchange, the proportion of petroleum products will decrease to about 26 percent from the 35 percent of 1980.

[Question] One question about the efficiency of the branch. Was it more expensive or cheaper to produce during the five-year plan that ended? Did production costs increase or decrease? Did you fulfill the plan for the material production costs indicator?

[Answer] During the 1976-1980 five-year plan, units of the chemical industry produced more inexpensively than during the previous plan. Expenses per 1000 lei of goods production expected for 1980 will be significantly lower under comparable conditions, than those of 1975. However, the level of material costs stipulated in the plan was not met; cost overruns were encountered during each year of the last five-year plan, as a result of difficulties in installation operations, placement in operation of new installations, failure to meet projected parameters, and the fact that consumption standards were exceeded for some raw and other materials.

[Question] How do you see the evolution of personnel in the branch?

[Answer] All the success of the branch is due both to the selfless efforts of the more than 200,000 workers in the chemical industry, and to their professional growth, which assumed very high levels during the last five-year plan. The additional workers made necessary by the development of the branch were obtained from graduates of chemistry and industrial high-schools, which are actually the major source for such workers.

The training of workers has increased significantly from a qualitative standpoint, as a result of the conditions created by the endowment of schools with suitable material foundations, thus leading to an increasingly closer integration of education, research, and production. Moreover, the level of qualification was also significantly raised as a result of continued improvements in the professional training organized and conducted directly in production.

[6 Jan 81, pp 1,3]

[Question] Mister Minister, what are the principal orientations and trends for the branch during the 1981-1985 five-year plan?

[Answer] Both during the five-year plan that just ended, and during the period to come, the ministry's programs provide for modernizations of current technologies, whose applications have brought and will continue to bring significant savings of raw materials, fuels, and energy, reduced consumption through judicious management of raw materials, other materials, and fuels, as well as the replacement of technologies that consume large amounts of energy.

Taking into account the vast investment program in which chemistry was given priority during the 1976-1980 five-year plan, and from which chemistry will continue to benefit, as well as the efforts made to increase labor productivity in existing capabilities, the 1981-1985 five-year plan will see an average annual rate of growth of 11.1 percent for net production, 8.7 percent for total production, and 15-22 percent for highly processed product groups. The achievement of these physical production forecasts will make it possible to meet over 95 percent of the domestic demand for major product groups, while production per inhabitant will reach the level of industrially developed nations.

The essential criterion for the development of chemistry, is a restructuring of production within the branch by stressing growth rates in the fabrication of high technology products and groups of products, which are manufactured with reduced energy consumptions, derive maximum value from raw materials, and incorporate the greatest amount of highly qualified labor.

[Question] Could you provide us with a few examples?

[Answer] Of course. The major orientation of the petrochemical industry for instance, is the advanced processing of petroleum products by substantially increasing the level of chemification. With respect to 1980, ethylene production will thus increase 19.5-fold, propylene 2.13-fold, butadiene 3.03-fold, styrene 3.48-fold, dimethylterephtalate 2.0-fold, synthetic rubber 1.63-fold, tires 1.96-fold, and chemical fibers and filaments 2.0-fold. Significant increases will also be recorded in the pharmaceuticals industry -- 2.21-fold, cosmetics -- 3.3-fold, detergents -- 1.82-fold, and so on.

In particular, I should point out one figure which reflects the general orientation of the branch toward a superior utilization of resources, namely, that the chemistry branch will furnish about 80.0 percent of the total production of the chemical industry in 1985, as compared to 73.3 percent in 1980. It is similarly notable that during the present five-year plan, the chemical industry will supply the largest portion of the raw materials for various branches of the national economy, such as: 99 percent of the fiber-filament needs, 90 percent for dyes, 92 percent for synthetic rubber, 93 percent for tires, 100 percent for nitrogen and phosphorus chemical fertilizers, as well as other needs in lacquers and paints, and so on. And finally, it should be emphasized that during the five-year plan which we are entering we are moving from a development of large tonnage production to the priority development of fine synthesis and low tonnage production on the basis of special programs (pharmaceuticals, cosmetics, additives for industry, reagents, catalysts, microelectronics products, dyes, and intermediary products), which in turn are the applications of domestic research conducted by the Central Chemical Institute. And to fully answer your question, I will add a few major elements of a theoretical and practical order in our orientation. For instance, in order to derive the highest yield from our hydrocarbon resources, we will stress the exploitation of the chemical potential of methane gas for organic synthesis. Similarly, in order to reduce energy consumption and increase the productivity of installations, we will formulate new catalytic systems which will significantly reduce working temperatures and pressures; we will also devote particular attention to solutions which draw into the economy new sources of raw materials and energy through the chemical valorification of the biomass, especially for the production of synthetic fuels, polymers, and chemical fibers.

[Question] What new products will we see during next year? In particular, we have in mind those which will directly contribute to an improved quality of life through larger amounts of better quality foodstuff (chemical fertilizers, animal raising products), clothing and footwear (raw materials, new materials, substitutes), pharmaceuticals, cosmetics, dyes, household products, detergents, and so on.

[Answer] During 1981, the first year of the five-year plan, we anticipate the assimilation of 497 new products. As we have already indicated, 97 percent of these will be produced on the basis of our own research or of improved manufacturing processes.

Among the new products which will contribute directly to a better quality of life -- by increasing the quantity and quality of food, and the quantity and quality of clothing and footwear -- the more important ones will be new types of biostimulating fertilizers, veterinary medicines, new types of acrylic copolymers, latexes, and adhesives to improve footwear. Similarly, we will produce new pharmaceuticals for human use and new cosmetics, new dyes and detergents, as well as black-and-white and color photographic materials.

[Question] Chemistry is one of the largest, if not the largest, consumer of energy and fuels. What has been done, and in particular what measures will be undertaken to reduce specific consumptions of electric power and methane gas?

[Answer] It is true that the chemical industry is at present one of the largest consumers of electricity and fuels in the national economy. During 1979, chemical units consumed about 29.3 percent of the total electric power used in industry, and the chemical industry was responsible for 26.8 percent of the industrial consumption of fuels.

In the light of the above, actions to reduce electric power and fuel consumption have been a priority for all workers in the chemical industry even during previous five-year plans.

In concrete terms, some of the actions taken to reduce the consumption of electricity and fuels have been: orientation toward the development of chemical products that require low consumptions of energy and fuel (sub-branches that process plastics, rubber, pharmaceuticals, and so on), as well as the formulation and application of programs aimed at modernizing technologies, replacing energy-intensive tools and processes, recovering secondary energy resources, modernizing or replacing steam tanks, process furnaces, and low-yield burners, constantly reducing specific consumptions, and so on.

To illustrate the above, we need only show that since the beginning of 1980 to now, in addition to having reduced specific energy consumptions for a number of products, we have recovered 2,526,000 tons of conventional fuel from secondary energy resources, and during 1981 we will complete 73 projects which will make it possible to recover another 339,000 tons of conventional fuel per year.

I can say without fear of exaggerating, that this matter which is primordial to our national economy -- the saving of energy and fuels -- is for us all a matter of

great priority, and that at all levels, from the ministry and research institutes to the last job, this concern will become stronger until we achieve the most rational utilization of energy.

[Question] It would be interesting to know in this respect, what has been done to recover, reuse, and exploit wastes from chemical production, and especially what plans exist to intensify the recovery and reutilization of scraps and reusable materials, residual gases, recappable tires, used plastic materials, and so on.

[Answer] In accordance with current legal regulations, all units in the chemical industry have reviewed their material balances and have established inventories for all the sub-products included in the valorification program, stipulating concrete quantitative and value tasks for those with available utilization technologies. In 1980, the plan contained 82 sub-products whose valorification returned a production of 1.5 billion lei.

As part of the intensified valorification, special programs have been written under the coordination of the National Council for Science and Technology and the Central Chemical Institute, for used rubber products, plastics, and mineral oils, containing measures which assure their collection from large consumers, research topics, and investment funds to increase processing capabilities.

Through the application of these programs, the valorification of used rubber products (including tires) as part of domestic consumption will increase from 18.2 percent in 1980, to 96 percent in 1985, while that of plastics will go from 59 percent in 1980, to 83 percent in 1985 (with respect to the domestic consumption of plastics). Similarly, the recovery of mineral oils will increase from 31 to 42 percent of the domestic consumption, which represents practically 90 percent of the oils that are still available at the end of their use.

[Question] One last question, Mister Minister. What steps will be taken to consolidate the new economic-financial mechanism, self-management, and self-administration, in units of the chemical industry?

[Answer] The proper functioning of the new economic-financial mechanism demands that our units meet all the plan indicators and obtain profits, this being the principal source of funds for planned development expenses, housing construction, increased circulating means, social action costs, and workers' profit sharing. In order to consolidate the new economic-financial mechanism in our branch, measures have been taken at the level of enterprises, centrals, and the ministry, aimed primarily at meeting the major planned economic indicators: physical production, net production, expenses per 1000 lei of goods production, and profits.

These measures concern mainly the scheduled placement in operation of new investment objectives, reaching planned technical-economic parameters in units recently placed in operation, proper and timely supply of raw and other materials, Romanian and foreign, in needed amounts and types, and the avoidance of accidental stoppages of installations through careful use and proper maintenance and repairs. We are convinced that the persevering application of these measures through greater involvement on the part of workers in the management and administration of units, will make it possible for us to reach a higher level of efficiency in all our enterprises.

And finally, I want to assure our public that the hundreds of thousands of workers, technicians, engineers, researchers, and designers in chemistry, that is, all those who have contributed to create and develop it, are determined to make all efforts to continue to improve it, its efficiency, and its quality. They are determined to implement all the tasks drawn by the party and state leadership, and all the indications provided by the secretary general of the party, Nicolae Ceausescu, so that during this new five-year plan chemistry will achieve the stipulated and anticipated qualitative leap.

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MINISTER DISCUSSES INDUSTRIAL CONSTRUCTION INVESTMENTS

Bucharest SCINTEIA in Romanian 20 Jan 81 pp 1, 3

/Interview with Dumitru Popa, minister of industrial construction, by Eng Cristian Antonescu/

/Text/ /Question/ If you were to specify the main characteristics of the activity of the construction-installation units in the last five-year plan, which ones would you emphasize?

/Answer/ The 1976-1980 period is an eloquent expression of the consistency with which the investment program instituted by the party and the Grand National Assembly via the plan for Romania's socioeconomic development was carried out. Two figures are significant. The volume of investments amounts to 80 percent of the investments made during the five preceding five-year plans, and the builders' tasks increased accordingly: The volume of construction-installation operations performed was 50 percent greater than in the previous five-year plan. A large part of our units' personnel made a sustained and fruitful effort in the big industrial districts (Alau, Bistrita, Tulcea, Vaslui, Focsani, Miercurea Ciuc, Sf Gheorghe, Botosani, Adjud and Odorhei) to provide all counties with a harmonious development and an industrial production potential of at least 10 billion lei.

In our entire activity we followed the directions and guidelines of Nicolae Ceausescu concerning the need of a new and better quality in our work, making a determined effort toward better organization and performance of operations at worksites and toward a marked increase in labor productivity.

All these efforts culminated in the activation of more than 3,100 capacities, 2,000 of which are considered important, by the units of the Ministry of Industrial Construction.

But the analysis of the activity during that period indicates that the results could have been much better had we made a greater effort to solve all our problems at the worksites more promptly. The main failing was postponement of the activation dates of a number of investment projects. The analyses made on the spot revealed the causes of this undesirable situation, namely poor organization of the activity at some worksites, inadequate arrangements on the part of some contractors, beneficiaries and designers for starting operations on time, and irregular or late deliveries of large amounts of industrial equipment, leading to formation of quite large stockpiles of equipment.

/Question/ We would be interested to hear what the prospects are of eliminating those stockpiles of equipment.

/Answer/ We are emphasizing precise planning of the operations. We have inventoried the equipment in store that can be installed at every investment project and instituted realistic programs to expedite installation. We shall install equipment amounting to 1.3-1.5 billion lei a month, for which purpose we are emphasizing better collaboration between the builders and the fitters and arranging installation fronts, especially for the equipment at worksites.

Pronounced reduction of the stockpiles also depends upon delivery of the equipment in the order of installation and consequently upon observance of the due dates specified in contracts and schedules, because a large portion of the existing stockpiles consists of equipment unfit for installation. As we know, some of it was delivered in another order, some has defects, and some is incomplete or without the construction plans.

/Question/ What is the main objective of the builders and all elements participating in the implementation of investment projects in this the first year of the new five-year plan?

/Answer/ Unquestionably our most important task is to complete and rapidly activate all previously started production capacities. This directive of the higher party administration and Nicolae Ceausescu is based on the necessity of curtailing the period of immobilization of the invested funds and exploiting the state's great financial and material investments as rapidly and completely as possible, and it makes heavy demands upon us, the builders. The projects in an advanced stage of construction and with a large volume of finishing take up about 87 percent of the total volume planned for 1981. On the other hand there are a great many important capacities planned for activation (about 600) that will produce raw materials and materials essential to the economy, including the new installations for the petrochemical complexes at Midia-Năvodari, Brazi, Teleajen and Borzesti, and the Cimpulung Synthetic Threads Combine, new rolling mills at the Bucharest Republic, Zalau and Beclean plants, production capacities at the Iasi, Cluj-Napoca, Giurgiu and Craiova heavy equipment combines and the Galati Ferrous Metals Combine, and a large number of spinning mills, weaving mills, and knitting mills as well as big agrozootechnical complexes for the food industry. We realize that as we contribute to rapid implementation of the new investment projects and consequently to attainment of the production levels planned for 1981, we shall contribute to the success of the great aims of this five-year plan. That is why activation of all the investment capacities planned is considered a task of great scope and high political and professional responsibility.

/Question/ What are you going to do, specifically, to accomplish this?

/Answer/ As Nicolae Ceausescu indicated in his speeches at the plenums of the RCP Central Committee in October and December 1980, our main course of action is to concentrate the labor forces and technical-material means upon completion of all capacities provided with conditions for activation.

Of course we shall concentrate successively on the capacities provided with operating conditions, because it is well known that dispersion of the builders' forces and productive capacity over too many worksites operating at the same time is a major cause of lengthy construction periods and delays in activation. With a responsible approach

to their tasks, the collectives of our trusts and enterprises took steps for priority recruitment of skilled and technical-engineering personnel in keeping with the requirements for the worksites to be activated. And to make more productive use of working time, we are making a very intensive effort to generalize the overall contract system as a means of organizing and managing production and remuneration and to enhance the workers' incentive to fufill the plan through efficient use of the bomus system. Since finishing operations are in large proportion in the structure of our plan for this year, we are making an intensive effort to supplement our units' inventories with equipment, tools and devices suited to these operations, both through our own forces and through cooperation with units of the Ministry of the Machine Building Industry, of whom we are requesting more active support for the purpose.

And finally, in the course of the measures we are taking, we keep trying to solve promptly and completely all problems affecting the final completion of the scheduled capacities, in collaboration with all the investment beneficiaries and contractors and with the aid of the local party organs. I mention as just one example the good results of our collaboration with one of our major beneficiaries, the Ministry of the Chemical Industry, the joint analyses made of a number of investment projects (the Cimpulung Synthetic Threads Combine, the Giurgiu, Teleajen and Brazi petrochemical combines, etc.), and the joint adoption of the measures required to expedite the operations.

/Question/ Higher operating speeds at worksites also require a pronounced increase in the builders' labor productivity. What can you tell us about efforts in this direction?

/Answer/ Continuing the efforts that succeeded in the last period, we shall generalize some modern and highly productive construction methods such as hydraulic mechanization in construction of earthworks, consolidation of lands with columns of earth, sand, gravel and concrete with ashes from thermoelectric power stations to eliminate the precombined and reinforced concrete piles and reinforced concrete foundation plates, expansion of automatic and semiautomatic welding in installing industrial equipment and installations, construction of tanks and receptacles in general by prefabrication or precompression by wrapping, prefabrication of the industrial installations, etc. We intend by the technological measures we are adopting to eliminate excavations and transportation of earth, and we shall introduce new processes to lower consumption of energy-intensive materials, such as vacuuming concrete and compacting it with a heavy mallet and expanded use of secondary materials. We shall introduce new tools and devices in the construction-installation process.

We also attach great importance to efforts to intensify industrialization and mechanization of operations, whereby we intend to shift as much activity as possible from worksites to specialized workshops, accordingly reducing the volume of handling. And labor productivity will be considerably enhanced by full use of working time through qualification of workers and multiqualification of many of them and through better organization of labor.

/Question/ The Law on Investments was recently discussed and approved by the Grand National Assembly. How do you think the new law's regulations will affect efficiency in that field?

/Answer/ Drafted in the spirit of the directions and under the direct guidance of the the party secretary general, the law's provisions provide for continuing improvement

of investment activity and construction of the new productive capacities on time and with greater efficiency. The law's emphasis on elimination of previous defects in the planning of each investment is quite outstanding, as well as its provision that construction and financing of new capacities should not begin until all necessary conditions have been met for completion of the operations as promptly as possible. The provision is very important that the new capacities will be built according to standard designs or designs of module capacities, the measures for which must make constructions easier and cheaper, with minimum inputs of materials and energy, and shorten the construction time by promoting modern working methods. Only standardized construction-installation materials and elements will be used in construction, as well as materials from local resources. And finally, I would also stress one provision, namely the obligations of the suppliers of industrial equipment concerning delivery of equipment by the contractual deadlines and assembly in the plant of the component parts of complex equipment in order to check the latter's quality.

/Question/ We suggest you discuss another problem of great importance to the greater economic effectiveness of the allocated funds, namely reduction of investment costs and material inputs. What steps do you think should be taken to further intensify those efforts?

/Answer/ In pursuance of the directions of and the tasks outlined by the party secretary general, definite measures have been taken at worksites to replace the construction methods and materials, especially energy-intensive ones, that led to unjustifiably expensive operations. I mention here the products of the pachysol /pahizol/ type replacing bitumen that are being tested, expansion and generalization of ashes from thermoelectric power stations as an additive in preparing concrete, and promotion of textile wastes, light mineral aggregates and other local resources in the manufacture of construction materials. Thanks to the measures taken, in the last five-year plan consumption of cement and steel for concrete decreased by 1.52 and 2.43 tons respectively per 1 million lei of construction-installation output. Our ministry introduced in the 1981-1985 scientific research plan research subjects which, upon application, will save about 6,400 tons of conventional fuel, 16,000 megawatt-hours of electric power, 6,000 tons of metal, et al.

Important as the results are, they have not exhausted the range of existing reserves. By the same token, the efforts of the workers at worksites must be supported by designers and also by the producers of construction materials, who are expected to assimilate manufacture of all the new materials promptly and in keeping with the requirements, including the thermal insulating ones shown in the expositions I mentioned.

The results obtained even in the first days of the month by builders at worksites and the effective human and technical potential our units have soundly gurantee that the investment capacities will be rapidly completed in this year and the five-year plan within the shortest possible time and with high economic effectiveness.

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DATA ON UNDERDEVELOPED REGIONS, 1976-1980

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 19 Jan 81 pp 18-20

[Text] The agreement on the bases of the social plan on policy for more rapid development of economically underdeveloped republics and Kosovo for 1981-1985, and corresponding laws (on resources of the Federal Fund for Credit Financing of More Rapid Development, on distribution of the fund's resources, and on supplementary resources) have overcome the differences in approaching the policy of more rapid development of economically underdeveloped republics, and especially the differences that have emerged regarding evaluation of the required capital amount and the manner for accumulating it. Other than the insignificant reduction in the federation's contribution to the Fund (1.83 percent of the product of social production), the essential difference is in the structure of the Fund's resources. Specifically, it was determined that 50 percent of the capital would come from associated labor and capital based on income, and 50 percent from an obligatory loan, with the provision that the interested republics and provinces can reach agreement specifying that the share of associated resources is to be more than 50 percent.

The agreement anticipates that more rapid development will be assured by pooling capital and labor through the Federal Fund, and directly between interested organizations of associated labor, capital of the Fund for Supporting More Rapid Development, supplementary resources from the federal budget for financing social and other services, and, in the largest part, the participation of the insufficiently developed republics and Kosovo in utilization of credits of the International Bank for Reconstruction and Development, and the International Corporation for Investments. Customs exemptions are also foreseen for importing specific equipment under favorable conditions for the construction of installations based on the pooling of labor and capital in profitable ways.

The resources of the Fund of the Federation will continue in this five-year plan period to be the basic form for accumulating capital to finance the more rapid development of underdeveloped republics and provinces, regardless of whether these resources come from obligatory loans or through the pooling of labor and capital. Participants in the agreement agreed that the Fund's capital should first be directed to the construction of those installations that will assure more rapid growth in employment and contribute to more rapid growth in income, in accordance with the social plans of the corresponding republics and provinces. The Federal Executive Council and the republic and provincial executive councils agreed to use economic policy measures to stimulate the pooling of labor and capital particularly with organizations of associated labor in underdeveloped republics and Kosovo.

Although the determination that there is a need for more rapid development of the underdeveloped republics and Kosovo is not new, and capital for financing this development has been gathered via the fund of the Federation and earmarked in the federal budget for financing the more rapid development of social services, differences in developmental levels have not decreased in recent years.

Table 1. Social Product per capita (1972 prices)

Republic or Province	Amount		Index (All Yugoslavia = 100)	
	1969	1979	1969	1979
Yugoslavia	10,210	16,758	100	100
Bosnia and Hercegovina	7,030	10,924	69	65
Montenegro	7,735	11,586	76	69
Croatia	12,408	21,276	122	127
Macedonia	7,014	11,202	69	67
Slovenia	19,055	34,050	187	203
Serbia proper	9,998	16,625	98	99
Kosovo	3,472	4,648	34	28
Vojvodina	11,467	19,324	112	115

The social product per capita in the period from 1969 to 1979 decreased relatively in all the underdeveloped republics and Kosovo, with the latter showing the worst situation (falling from 34 percent of the Yugoslav average in 1969 to 28 percent of that average in 1979). The relative decrease in social product per capita, or the growth in the difference in the developmental level, occurred both because of the unsatisfactory growth in the social product and income in the less developed republics and Kosovo, and because of the more rapid growth in the population in those regions. From 1969 to 1979 the Yugoslav population grew by 10 percent; in Bosnia and Hercegovina, the increase was 14 percent, in Montenegro, 13 percent, in Macedonia 16 percent, in Slovenia 7 percent, in Serbia proper 7 percent, in Kosovo 32 percent, and in Vojvodina, 4 percent.

A key condition for implementing the policy of more rapid development is an above-average growth in employment in the underdeveloped republics in Kosovo. Despite a significant growth in employment, the differences were not reduced even in this area.

Table 2. The Number of Employed Persons per 1,000 inhabitants

Republic or Province	1969	1979
Yugoslavia	183	253
Bosnia and Hercegovina	135	191
Montenegro	144	205
Croatia	212	298
Macedonia	154	220
Slovenia	308	427
Serbia proper	180	257
Kosovo	81	107
Vojvodina	205	273

The differences in the level of employment are particularly striking when we regard the relationship between Kosovo and Slovenia. A lower level of employment also results from the difference in the investment pattern (since in the insufficiently developed republics and Kosovo, capital is invested chiefly in capital intensive activities), and from the more rapid population growth. Otherwise, investments have been relatively greater in the insufficently developed republics and Kosovo; this is confirmed by data on the value of basic resources of social production.

Relatively greater investments have contributed to increased shares in the value of basic resources of social production in Montenegro (from 2.9 to 3.3 percent), Macedonia (from 5.4 to 6 percent), and Kosovo (2.4 to 2.7 percent. In Bosnia and Hercegovina, and in Servia, that share remained unchanged, while in Vojvodina it fell.

[Table 3 on following page]

Table 3. Share in Capital in the Economy of the Social Sector

Republic or Province	Percentage 1969	1979
Yugoslavia	100	100
Bosnia and Hercegovina	14.2	14.2
Montenegro	2.9	3.3
Croatia	26.4	25.9
Macedonia	5.4	6.0
Slovenia	16.4	16.5
Serbia proper	21.8	21.8
Kosovo	2.4	2.7
Vojvodina	10.5	9.5

Improvement of Effects is a Pre[illegible]ndition for Development

Increased investments and increased differences in the level of development are the consequences of unfavorable investment effects. That is further confirmed by the final figures for 1979, when income per worker in the social sector of the national econom[illegible] amounted to 192,000 while for Bosnia and Hercegovina it was 142,000, for Montenegro 150,000, for Croatia 212,000, for Macedonia 137,000, for Slovenia 245,000 for Servia proper 185,000, for Kosovo 124,000, and for Vojvodina, 196,000. The national economy as a whole realized 30 dinars of income, per 100 dinars of working capital while Slovenia realized 36, Montenegro 19, and Kosovo, 21. Differences in the level of capital accumulation are even more pronounced: the average rate of accumulation (the ratio of accumulation and average utilized working capita) for all Yugoslavia was 3.6; for Slovenia it was 4.8, for Montenegro 1.8, and for Kosovo, 1.3.

Unfavorable effects of investments and operations prevent the regions from developing, so that they rely in large part on the resources of the Federation Fund. The shortfall in local accumulation automatically means less use of bank credit. Since bank credits, given the high rate of inflation, represent more or less of a "gift" to organizations of associated labor (depending on the ratio between the interest rate and the rate of inflation), it follows that the economically developed republics and Vojvodina are to a significant degree more favored on this basis.

Unfavorable effects also result from differences in the structure of investments and the structure of the economy of the underdeveloped republics and provinces, as compared to the developed ones, since the former are primarily engaged in basic

branches of production (energy, mining, ferrous and non-ferrous metallurgy). From that it follows that improving the effects of operations is partially connected to changing the structure of investments. That relates primarily to the need for more rapid growth in employment in these areas. Another essential precondition is the impelmentation of an adequate price policy, or the application of the same criteria in forming prices for basic and processing activities. Since the effects of investments in the same activities are somewhat less in the economies of the insufficiently developed republics and Vojvodina, it follows that the causes are not only in the structure of investments and prices. They also relate to lower productivity and inefficient operations in using social resources for production, which means that a gradual elimination of these causes is also inevitable.

Association

The anticipated association of labor and resources via the Fund of the Federation and directly between interested organizations of associated labor should contribute to the elimination of precisely these causes of low accumulation and cost effectiveness. To be specific, it is presumed that the organizations of associated labor that pool their resources and labor with the labor and resources of organizations of associated labor from the insufficiently developed republics and Kosovo are the ones that are interested in maximizing their income, and thereby maximizing their own share in the joint income and profit to be realized. The question remains, however, as to whether this presumption is correct, since the question of the realism behind the anticipated pooling of resources through the Fund of the Federation at the level of 50 percent of total capital is not also being posed.

In the period from 1976 to 1980, it was anticipated that capital based on pooling would account for 20 percent of the capital of the Fund of the Federation. That share was not realized. The examples of association that have been realized show that they were chiefly motivated by needs to provide energy, raw materials or parts, or that an investment could best be implemented with supplementary funding from the Fund of the Federation. From this it follows that participation in joint income was not the motive for pooling resources. Thus it is normal that the pooling of resources that is not motivated by increasing joint and local income cannot effectively contribute to increasing the effects of investments and cost effectiveness of operations of organizations of associated labor in the economically underdeveloped republics and Kosovo.

The pooling of resources on the basis of mutual economic interests is a more favorable form of porviding resources for investments in the economically insufficiently developed republics and Kosovo, in comparison to an obligatory loan. The advantages of association compared to an obligatory loan in fiscal terms are primarily related to economic effects, since by association the mutual interests of at least two organizations of associated labor are realized. Under present conditions, it is unrealistic to expect that pooling will take place in the expected percentages. In any case, the organizations of associated labor are not economically motivated to pool their capital. The principle of sharing in joint income is not being realized, at least to the extent that would stimulate the pooling of resources. Forced pooling under conditions where markets in general are lacking, and particularly under conditions where markets are divided up, conditions of sharply limited export possibilities, affected by deliveries of raw materials, energy, parts and the like,

will find it difficult to contribute to an economic affirmation of this principle and its realization, even when organizations of associated labor from developed and less developed republics and provinces are involved. From that it follows that the implementation of a policy of more rapid development of the underdeveloped republics and Kosovo is tied to a practical affirmation of the principle of profitability and cost effectiveness in the operations of the organizations of associated labor. In the contrary circumstance, the basic system of budget financing will prevail, and its economic effects will continue to be unsatisfactory.

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TRANSPORTATION SERVICES' EFFECT ON BALANCE OF PAYMENTS EXAMINED

Belgrade TRANSPORT in Serbo-Croatian No 11, Nov 80 pp 3-5

[Article by A. Zmijarevic]

[Text] In all Yugoslav development plans and programs after the war, it has always been emphasized and stressed that the development of transportation was one of the priority tasks, not only to satisfy domestic needs for transportation services, but also to enter into international transport to help solve the balance of payments problem. For various reasons, however, the Yugoslavs have not yet attained the kind of results that would make international transportation an important source of foreign exchange that could help cover the trade deficits of the country. In 1979, the net foreign exchange effect of transportation services covered about 9 percent of the deficit in the balance of trade payments (the net exports and imports of goods).

Table 1. Transportation Foreign Exchange Balance 1979 in million dollars

	Income	Expenditure	Net
Total transportation	1,397.5	697.8	699.7
maritime	700.0	388.5	311.5
railroads	219.3	96.4	122.9
river	37.7	2.5	35.2
air	230.3	102.3	128.0
postal, telegraph, telephone	29.2	19.3	9.9
highway	124.3	64.9	59.4
freight forwarding, insurance, etc.	56.7	23.8	32.9

These are certainly significant results, if they are compared with some other branches of the economy. Foreign exchange income from tourism recorded by Yugoslav banks in 1979 amounted to 797 million dollars, or the equal of the net income from transportation services.

The contribution of transportation to solving the balance of payments problem is not only in the direct net foreign exchange income achieved by the organizations of associated labor in transportation, but also in the fact that it provides for

and enables the shipment of Yugoslav goods in foreign trade, thus contributing significantly to the reduction of foreign exchange costs that Yugoslav business would incur for imports and exports if they had to engage foreign shippers. Therefore, the contribution of transportation to resolving the balance of payments problem is much more significant than the preceding data would indicate.

The question arises, however, as to whether the Yugoslavs could have done more, and what they should have done, to make transportation an even more important factor to cover the country's balance of payments deficit. It should have been considered that there would be long-term problems with balance of payments deficits and that certainly for the coming decade and longer, it would not be possible to balance exports and imports of goods. For a long time yet, Yugoslavia will be forced to import certain vital raw materials and fuels such as petroleum, coking coal, raw materials for artificial fertilizers (phosphates and potassium salts), cotton, wool, and other raw minerals that are not available domestically, as well as equipment and technology that is not now produced or expected to be produced domestically.

The development conditions in Yugoslavia are such that if they were to be optimally utilized, it would not be necessary to strive to balance the foreign flow at any cost, i.e., to achieve complete equivalency in exports and imports of goods. Yugoslav opportunities in tourism, international transportation, capital construction abroad and other services make it possible to achieve a markedly higher influx of foreign exchange, without exporting certain minerals and other raw materials at any price, while nonetheless achieving rapid economic development. The export of transportation services and the realization of a markedly higher influx of foreign exchange through the operations of Yugoslav transportation organizations in world markets is one of the essential tasks for overall development policy in the coming intermediate plan period. The first estimates of developmental possibilities by 1985 indicate that the foreign exchange income for transportation should reach 4.9 billion dollars by 1985, compared to 1.30 million dollars in '79. This amount would provide about 30 percent of the deficit in the balance of payments.

The question arises as to whether the conditions for achieving such a level of development exist? There is no doubt that they do exist, but extraordinary efforts by the entire society will be necessary to realize it. Some aspects of that effort are summarized below.

For years there has been talk, and the plan documents have contained, the idea that it is essential to make more complete use of Yugoslavia's geographic position in Europe relative to transportation, and to increase transit shipments through the country. This Yugoslav advantage will increasingly be brought to life due to the ever more acute energy problems. Energy is a long-term world problem, and transportation is the most significant consumer of energy. Energy use per ton of goods shipped will be a growing factor, and one of the basic factors, in the transportation policy of all countries in the world, particularly the European countries that as a rule do not possess sufficient domestic energy resources.

Development policy for the country until 1985 will have to do much more than heretofore to see that Yugoslavia's transportation geographical position in the European transportation network becomes much more fully validated. For that, it is

necessary to prepare a comprehensive program that must encompass the modernization of the basic main routes of the railroad network and the carrying capacities of the railroads, the modernization and expansion of harbor cargo handling installations and warehouses, and the preparation of a comprehensive technological system for transit shipments via Yugoslav ports and railroads. Of crucial importance is the improvement of the cost effectiveness of railroad facilities to bring them up to a new technical and technological level. This can be achieved both through investments and, to a significant degree, by improving labor organization and technology, raising the efficiency of existing facilities, eliminating bottlenecks in port and railroad junctions, and greater commercial competence and involvement.

Of no less significance is a unified conception and unified operational policy for Yugoslav organizations of associated labor in markets of countries that use Yugoslav rails, highways, ports and ships in transit shipping. Unfortunately, that is not the case today. On the contrary, today in some European countries and cities there are several representatives of separate Yugoslav railroad transportation organizations and ports, and not representatives of all Yugoslav railroads and ports. By that Yugoslav objective potential for greater shipping is reduced and in addition, there is an unnecessary often disloyal competition among enterprises that cause only harm and reduce the income that might be obtained without such a number of representatives. No one benefits from that situation but rather all are harmed, including the individual organizations of associated labor of the railroad and port enterprises, which have attempted to increase their traffic in this manner.

In maritime transportation, Yugoslavia has [illegible] million gross register tons. That is certainly a significant result, since after the war Yugoslav shipping started essentially from zero and as recently as the 1960s, had only attained the level of before World War II. The current fleet is made up largely of contemporary vessels, and according to average age, the Yugoslav fleet is below the world average. Maritime transportation and international shipping will certainly have a growing importance as the developed part of the world, the developing countries begin to develop more actively. Their involvement in world markets will be ever greater when their production potential develops. Yugoslavia has all the conditions to significantly improve its position in the coming period in international maritime transportation not only in shipping goods for domestic foreign trade, but also in shipping between foreign ports.

Yugoslavia has the necessary port facilities, maritime personnel, the tradition and the required world reputation, although new personnel must constantly be trained. The facilities of domestic shipbuilders provide the possibility, in addition to building ships for export, to build significantly more vessels for the domestic fleet. That is an essential precondition for achieving a great net influx of foreign exchange from maritime transportation.

Capital for the construction of ships in domestic shipyards can be obtained, if all potential in Yugoslavia is utilized. Last year, Yugoslav ships paid 250 million dollars to foreign maritime carriers in international trade. The largest part of that major sum was paid by large users of transoceanic shipping. It is common practice in the world for large users of shipping (iron ore, petroleum, minerals and coal, etc.) to possess their own shipping companies and vessels, or

to make investments in such shipping companies. This assures transportation for the users' own needs, avoiding the losses incurred during periods of increased tariffs, reducing the foreign exchange drain from their own countries, and speeding the economic development of their own national economies.

The Yugoslav merchant marine fleet has developed almost completely without income or any long-term ties with users of shipping from other countries. This has resulted in its vulnerability to various crises caused by fluctuations in the shipping tariffs. Yugoslav shipping enterprises as a rule are located on the coast and in port cities, even though the largest users of their services are in the country's interior. Maritime transportation organizations, particularly those that can contribute significantly to improving the balance of payments situation of the country, should be developed on the basis of mutual income interests, the creation of joint foreign exchange income, and the reduction of the drain of foreign exchange. These factors can be achieved by building joint facilities for shippers and shipping consumers. From there it would be logical that organizations for international maritime shipping be formed and located not only in port cities, but also in cities in the interior of the country. That would create possibilities for increasing the facilities of Yugoslav transoceanic shipping, which would be truly Yugoslav and which could to a significant degree contribute to a long-term solution to the balance of payments problem in economic relations with foreign countries.

There are significant possibilities for great foreign exchange income in highway transportation as well, with particular potential in joint efforts to complete the "Bratstvo-Jedinstvo (Brotherhood and Unity)" superhighway, which represents one of the major transit trunk routes in Europe. Similar circumstances exist in air transportation and river shipping.

It is in the interest of the entire Yugoslav economy and of associated labor in the country as a whole to implement mutual development policies that will achieve markedly more rapid development of international transportation capacities and thereby bring more lasting and stable solution of the balance of payments problems of the country.

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STEEL NEEDS, PRODUCTION, IMPORTS, PRICES

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 13 Feb 81 p 4

[Article by Dusan Ivanovic: "The Increasingly Heavy Ton of Steel"]

[Text] Predictions have been borne out that the metal manufacturing complex, from machinebuilding to shipbuilding, will have exceptional difficulties at the beginning of this year in obtaining its supply of manufacturing materials, especially steel. We would presume too much if we examined everything that is happening between two sectors thrown together by destiny solely by taking the present moment as an average. After all, relations between the steel mills and the metal manufacturing industry have their prehistory.

We dare not forget that domestic steel consumption has been going faster than capabilities of the steel mills to meet the demand, especially based on processing our own ore. The steel mills have therefore been forced to import not only certain products, but also raw ore in an amount that is not such a small percentage of the total raw materials needed. There are several reasons why they, too, have lagged appreciably behind in their development, and at this point it is not easy to throw off the mortgage of the unresolved problems that have been inherited, especially with no help from outside.

The Amount Necessary

If the domestic manufacturing industry is to operate without hindrance this year, it will need about 5.7 million tons of steel and steel products (various shapes, sheet, and so on). The largest consumer is the metal manufacturing industry, which needs more than 3 million tons.

Total consumption from domestic sources (steel and steel products from domestic steel mills) is about 4.6 million tons, and plans call for importing more than 1.1 million tons. The metal manufacturing complex is counting on 2.25 million tons of steel and steel products from domestic steel mills in view of their obligations to other consumers, the construction industry in particular.

The metal manufacturing industry is to import on its own at least 850,000 tons of steel and steel products (shapes, sheet, etc.) in order to meet its needs optimally in assortment and quality, on the assumption that it receives more than 2 million tons from domestic production. As matters stand at the beginning of the

year, it is not very likely that the steel mills will be able to meet these demands of the metal manufacturing industry (since contracts on mutual obligations and the terms and conditions of cooperation have not been verified, since the differences in views between the two sectors are too large). This means that the conditions for supplying raw materials and manufacturing materials to the metal manufacturing industry will be increasingly problematical in future.

Representatives of the steel mills argue that on the basis of their installed capacity they are able to produce 5.5 million tons of steel and steel products. At first glance this would seem sufficient to meet virtually the entire demand of the domestic market. But unfortunately that is not the case. After all, we have about 3.5 million tons of ore for production, and the rest would have to be imported in the form of the raw material or intermediate product. This is that troublesome gap which inevitably is felt later on by consumers of steel and steel products as well.

In order to meet only part of the demand for imports, according to the statements of certain representatives, the steel mills would have to have at least $1.8 billion.

Bridges of Cooperation

The datum that domestic steel is on the average between 20 and 70 percent (depending on which steel mill produces it) more expensive than imported steel is not surprising. At the same time the steel mills are calling upon consumers (the metal manufacturing industry first of all) to put up an enormous amount of money to ensure themselves future supply. On the average this is about 15,000 dinars per ton of steel, and the share of foreign exchange would be between $100 and $700 on the basis of the need for the steel mills to import raw materials and other processing materials.

Representatives of the metal manufacturing industry are not opposed to putting up capital, but they remark that they are offering what they have in the way of dinar funds and foreign exchange. Certainly they are also ready to invest in construction of new facilities, but with the proviso that they and the steel mills will jointly draw up the program as to what will be produced. The way it is now, they say, we get what the steel mills have, and the entire business risk concerning quality and delivery dates of manufactures falls on us, and often we are not spared even the payment of tremendous penalties....

The steadily rising prices are a particularly urgent issue. Toward the end of last year the price of steel rose 20 percent on the basis of approval of the Federal Executive Council, but it seems that this was not enough to calm down market developments. Now the steel mills are seeking a new price rise of about 14 percent.

A Maturing of Views

Supply to metal manufacturers has been taken to the edge of a risk of threatening actual performance of the production process. There is no need to emphasize that

relations are no better between the metal manufacturing complex and certain other sectors, above all nonferrous metallurgy and the chemical industry.

At this point the metal manufacturing complex can count on only 400,000 tons of steel and steel products from domestic production, that is, the amount that is offered by the Zenica Steel Mill. A large question mark hangs over everything else, as one was able to hear at the meeting in the Yugoslav Economic Chamber.

Proposals have been made to put steel on the list of products given special treatment, as is already the case with petroleum, coal and drugs, since a country's level of industrial development is measured in terms of its per capita production and consumption of steel and steel products.

The metal manufacturing industry is the most propulsive sector and the most successful exporter, accounting for 40 percent of all industrial exports. A disruption of supply would threaten the proportional development of the entire economy. That is why any disagreement with domestic suppliers of raw materials could be a serious threat to this sector's development.

Precisely because of the complexity of the situation the metal manufacturing complex finds itself in with respect to its supply of raw materials, particularly steel and steel products, it seems that the opinion has matured that it is time to sit down at the table with representatives of the steel industry and work out agreements on all the issues in dispute. It is also time for the steel mills to undertake to regulate certain of their mutual relations, and not just to seek solutions through the more expensive sale of their products and to issue demands for customers to pay a portion of the price in foreign exchange.

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